

WORLD NEWS

### UK recalls diplomats from Iran

Britain yesterday withdrew three members of its interests section in Tehran, but did not recall its ambassador, a senior Foreign Office official said. The three arrived in London yesterday along with their wives and three children of section members.

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### France to expel 23

France is to expel 23 people held by police on suspicion of involvement with militant Middle East groups.

### Indian olive branch

India moved quickly to allay international fears about its relations with Sri Lanka, offering to hold talks with Colombo.

### Lebanese speaker quits

Hussein Husseini, Lebanon's parliamentary speaker, resigned yesterday after being accused of involvement in the assassination of a Lebanese MP.

### S Africa strike ends

A violent three-month strike ended in South Africa when state employers agreed to reinstate 16,000 dismissed railway workers.

### Argentine abolition

A controversial bill to abolish most military officers of human rights abuses in the past decade was approved in Argentina's Congress.

### UK raps Czechoslovakia

Britain criticised Czechoslovakia for a Vienna conference for setting a scene who tried to push through inquiries into the bomb which killed Premier Radoslaw Karmali.

### Waiting lists 'will grow'

The English waiting list for hospitals will grow 5,000 to 6,000 in the year to September, the British Medical Association predicted.

### China holds N-test

China carried out its first nuclear test since 1964 at its northwestern Lop Nor underground site.

### Barbie to return

Former Gestapo officer Klaus Barbie, on trial in Lyon for crimes against humanity, is to be forced to return to the dock against his will.

### Fuel crisis in Nicaragua

Nicaragua's Government is expected to announce harsh austerity measures this week because of critical fuel shortages.

### Royal wedding

Thousands of dancers, singers and horsemen came to Marrakech for the wedding of Moroccan Princess Lalla Asma this weekend.

### England pass 400

England were 402 for seven (Robinson 166, French 59) after two days of the first test against Pakistan at Old Trafford, rain again halted play.

### Shaking all over

Rock fans who do not get a regular "fix" of music develop trembling hands and an unstable pulse, as if they were drug addicts, a Soviet psychologist reported.

BUSINESS SUMMARY

### Barclay bros bid for Hilton chain

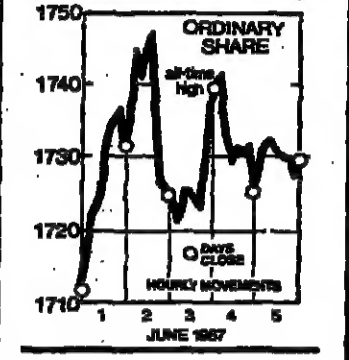
BRITAIN'S reclusive Barclay brothers, David and Frederick, yesterday entered the bidding for a part of the Chicago-based travel conglomerate Allegis, with a \$1bn (\$613m) cash offer for its Hilton International hotel chain.

The bid gives credibility to a \$5bn buy-out offer from the pilot's union at Allegis's United Airlines subsidiary and thus puts added pressure on Allegis, which has brusquely rejected the pilot's bid. The group's management said it would hold talks with the union's financial advisers.

### Equities opened higher

Equities opened higher in London as oil price rumours of a small Conservative lead proved wrong, but interest faded later and gains were trimmed.

### FT Index



Index rose 5.3 to close at 1,729.9, a rise of 17.8 on the week. The FT-SE 100 index closed up 14.6 at 2,222.1, a rise of 25.3 on the week.

### Privatisation of Agence Havas

French media group, was submitted more than 20 times.

### Ranking: 25 Japanese banks

have written off 42 per cent, or \$680m (\$687m), of their loans to Mexico.

### London and Northern's

financial backing 'an estimated \$700,000' golden handshake from the group's buyer Everest Holdings.

### First Mortgage Securities

specialist mortgage company, has been formed by Morgan Grenfell and three other financial institutions to operate in Britain's embryonic mortgage-backed securities market.

### BRITOL, largest independent

oil company, is to sell its US oil interests to American Exploration, US independent, bringing to an end a seven-month search for a buyer.

### STONE International, troubled

systems engineering company, agreed to its takeover by FKI Electricals, electrical engineering and electronics components group, for \$26.6m.

### VALOR shareholders are being

offered \$265m in new shares at 330p, a price equal to the highest of the gas and electrical appliance group's stock has ever traded.

### IMPALA PACIFIC, Hong Kong

listed arm of Australia's Airline group, is to raise HK\$900m (\$71m) through a one-for-two rights issue to fund two acquisitions.

### KRAFT, US food and consumer

products group, is paying \$296m (\$181.6m) for gourmet food business All American Gourmet.

### EL SALVADOR is to pay ACEC

of Belgium in annual deliveries of shrimps for most of the \$87 300m (\$4.98m) cost of a geothermal plant.

## US considers pre-emptive strike on Iran missile sites

THE US is considering whether to launch a pre-emptive strike against Iran's "Silkworm" missile sites near the Strait of Hormuz, writes Stewart Fleming in Venice.

Confirming this yesterday, a senior Reagan official said the move was one of several options under discussion for addressing what Washington sees as an increasing threat to freedom of navigation in the area.

The official added that the Iranian Government had been left in no doubt about US concern over the deployment of the Chinese-made surface-to-air missiles, which are believed to have a range of 50 miles. At its narrowest point the Strait of Hormuz is 39 miles wide.

News of the US deliberations brings, in the eyes of the country's Western allies, another disturbing twist to American policy in the Gulf on the eve of the seven-nation economic summit.

The subject is certain to be raised when those attending the meeting discuss the Gulf next week.

A pre-emptive strike at the missiles would follow in the wake of the attack on the US frigate Stark last month and the controversial decision by the US to put American flags on Kuwaiti ships.

The latter move has led to fierce controversy on Capitol Hill. On Thursday Senator Claiborne Pell introduced legislation to block the re-flagging.

It was reported yesterday that were Washington to back away from the plan to put the US flag on Kuwaiti ships, Kuwait had the option, under an agreement it has reached already with Moscow, to ask the Soviet Union to lease more of its tankers.

The possibility of an even greater Soviet involvement in the Gulf may help erode Congressional opposition to the Administration's re-flagging plans.

A decision to launch an attack against the missile sites would create immense legal problems for Washington. It would clearly spell the end of official US neutrality in the Iran/Iraq war, while the US might argue that the move was taken in self defence, it could be interpreted as an act of war against Iran.

## ICI pays \$1.69bn for Stauffer

IMPERIAL CHEMICAL INDUSTRIES is to pay \$1.69bn (£1.06bn) for Stauffer Chemical, a US chemicals group acquired by Unilever last December as part of its \$3.5bn purchase of Chesebrough-Pond's of the US.

ICI said it intended to retain Stauffer's large agrochemical portfolio, but would consider selling the rest.

ICI had been widely rumoured as a possible purchaser for Stauffer, which Unilever had put up for sale immediately after the Chesebrough-Pond's deal. Unilever said the sale would be the largest element of a disposal programme which had already realised almost \$100m. ICI is also to assume \$233m (£143m) of Stauffer debt.

Stauffer, which made pre-tax profits of \$113m on sales of \$1.3bn, would raise ICI from eleventh position to fourth in the US agrochemical market, and from sixth to third in the world market, the group said.

The purchase is ICI's third big US buy in less than three years. ICI paid \$750m for Beatrice Chemical in 1984 and \$950m for Glidden Paints last year.

The deal is also part of a larger shake-up in the US agrochemicals market. Late last year Shell sold its US agrochemicals business to Du Pont for an undisclosed sum, and Rhone-Poulenc of France sold an estimated \$750m for the agrochemical interests of Union Carbide.

"From a strategic viewpoint, the agrochemical side has been the main asset," Mr Denis Henderson, ICI's chairman, said yesterday. "Some of the rest of the business—consisting of both bulk and specialty chemicals—could be worth retaining, he said. "We have to make a judgement on whether to retain a bit or sell holus-bolus."

ICI had had an eye on Stauffer since the late 1970s, Mr Henderson said. Besides greatly strengthening the

## WEEKEND FT

A report in the Washington Post on Friday, described here as accurate, said the idea would be to make any strike as soon as there was evidence that the mobile Silkworm was ready to fire and was deployed to attack shipping in the Gulf.

Alternative options, the Post report said, were to hold back from any attack and rely on electronic jamming and other counter measures, to allow deployment but be prepared to attack at the first sign of a missile being prepared.

Continued on Back Page  
Reagan's troubles, Page 2

## Labour and Alliance chase floating vote

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

LABOUR and Alliance leaders yesterday intensified their efforts to win support from undecided voters while a confident Mrs Margaret Thatcher said she expected to be returned next week with a clear working majority.

After another brief spell in which the Conservative campaign appeared to be faltering, Mrs Thatcher yesterday returned to the offensive, setting her sights on a widening of the Conservatives' lead over their opponents and pledging herself to unite Britain through "definite, strong, clear and consistent leadership."

A Marplan poll published this morning in the Today newspaper puts the Tories on 43 per cent, with Labour on 35 per cent and the Alliance on 21 per cent. The poll, conducted yesterday, would give Mrs Thatcher a clear working majority of about 50 seats.

Tory party morale had dipped on Thursday following speculation that a new opinion poll would show its lead over Labour cut to 2 percentage points. The rumour, which caused a sharp drop in the Tories' share and bond prices and yesterday the Stock Exchange took the unusual step of cautioning pollsters not to leak results in advance of their publication.

A Stock Exchange statement said there was a heavy onus on poll compilers and publishers to ensure secrecy, so that no-one was in possession of information of which other investors would not be aware. Any reported leaks would be acted upon.

British financial markets calmed down yesterday and recouped most of the losses made in Thursday's frenetic trading conditions. Business was quiet but the mood remained nervous.

Mr Neil Kinnock, the Labour leader, yesterday attacked the City's response, saying: "Where there is brass there is muck and there is certainly a lot of muck in the City at the moment."

Mr Kinnock appealed to the millions of voters who had not yet made up their minds to support Labour. He claimed they would be wasting their vote by supporting the Alliance and dividing the anti-Thatcher majority.

Conservatives, who could not endorse Thatcherism should vote Labour.

The Labour leader said he believed the Tory vote was still vulnerable and, pressing Labour's anti-Thatcher offensive for the moral high ground, he added: "For these Conservatives, tolerance is a virtue to be shown to President Botha, compassion is a quality to be shown for election purposes, care is best valued if it is bought."

He claimed Alliance leaders were desperate to give the impression they could play a determining role in future government but said they would be more usefully employed "attending to their own divisions and inconsistencies."

The Alliance continued to brush off its disappointing poll performance, with Dr David Owen and Mr David Steel claiming that, on almost every issue they stood for what the majority of voters wanted.

Mr David Steel, the Liberal leader, said voters faced an impossible choice. Millions were attracted to Labour's stance on social issues but were repelled by its defence policies. Conversely, others liked Tory economic policies but not those on unemployment, education or health.

By supporting the Alliance, he added, they would be able to combine the best of both.

Today, Mr Nigel Lawson, the Chancellor, will defend the Government's economic record. Using a theme to be repeated during the last few days of campaigning, he will warn of the dangers of a Labour government wrecking the achievements of the last eight years.

Election News, Pages 6 and 7; Editorial Comment, Page 8; Election Viewpoint, Page 8; UK defence policy, Page 11

## China to settle UK debts

BY NICK BUNKER

BRITAIN and China yesterday ended a 50-year wrangle over \$300m of unpaid Chinese debts to British companies and investors and paved the way for China to issue bonds in London's capital markets.

An agreement signed in Peking by the British Ambassador and the Chinese Foreign Ministry means that the UK has abandoned claims for debts including \$51m of old Chinese bonds issued as far back as 1899.

In return, China has waived its rights to \$100m of claims, including a cargo of rubber and an oil tanker confiscated during the Korean War, and two fleets of cargo aircraft which belonged to Chiang Kai-Shek's Kuomintang Government, but which landed in Hong Kong in 1949.

Britain will pay China \$3.8m (\$2.33m) to settle the matter, while Peking will pay \$23.5m. This will be paid out among bondholders and among British trading companies and 850 private individuals who have claimed compensation for property seized or destroyed in China since the communist party toppled the Kuomintang 38 years ago.

The property includes bathing machines, wedding presents, a chocolate factory and the Shanghai Racing Club.

Claims talks had been under way since 1979, although Britain had been seeking to recover the bondholders' money since 1935, when the ruling Kuomintang began failing to repay interest on \$1 bond issues.

The Bank of England said yesterday China was now free to raise capital in the London bond market. The Bank had previously been adamant that China should be kept out of the international bond market until it cleared its pre-1949 debts.

Last June, the Bank raised its eyebrows when China tried to issue a \$200m floating rate note in London, and the issue had to be made in Frankfurt. China is thought to be keen to borrow in sterling via the London-based Euromarkets because of the high cost of raising money in Tokyo at a time when the yen has appreciated in value.

China's way clear to London markets, Page 4

## Midland drops Vector card

BY HUGO DIXON

MIDLAND BANK, Britain's third-largest bank, has been forced to withdraw its Vector charge card less than a month after its official launch.

The climb-down is another victory for the Retail Consortium, the shopkeepers' trade body, which has been waging a campaign against the charges banks are proposing for plastic cards designed to pave the way for electronic cashless shopping.

The consortium last week won significant concessions from Barclays Bank on the fees retailers have to pay for Connect, the bank's new debit card.

Vector looked like a credit card, carrying the Mastercard brand name. But cardholders would not have been able to get credit on it. Instead purchases made with it would have been debited automatically at the end of each month to the cardholder's Vector account—an interest-paying current account being introduced by Midland.

People could not have had the card without the account, for which Midland levies a flat-rate charge instead of normal bank charges.

Midland said yesterday it could not guarantee 100 per cent acceptance of the card by retailers. It wanted to avoid embarrassment to customers whose cards were refused. No cards have been issued to customers.

It is reviewing its strategy on a range of planned plastic cards and will decide in the autumn whether to relaunch the Vector card.

Other aspects of the Vector account, which include an interest-free overdraft up to £200, are still being offered to customers. Midland says 8,000 accounts have been opened.

Retailers objected to the Vector card because Midland was planning to launch it under the Mastercard brand name and charge them the same percentage fee (about 2 per cent) as it charges for credit card transactions, although it is not a credit card. This is precisely the same criticism retailers levelled at Connect.

Midland argues that Vector was not a debit card but a charge card like American Express. It was thus unlike Connect, which debits purchases after a couple of days in the same way as a cheque.

Retailers, however, believe that both Vector and Connect are designed to replace cheques, on which they pay a flat fee of about 15p. They

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MARKETS

### DOLLAR

New York lunchtime:  
DM 1.8135  
FFr 6.065  
Sfr 1.503  
Y243.5  
London:  
DM 1.8135 (1.8135)  
FFr 6.065 (6.0776)  
Sfr 1.503 (1.5068)  
Y243.5 (144.25)  
Dollar Index 101.7 (101.8)  
Tokyo close Y243.6

### US LUNCHTIME RATES

Fed Funds 6 1/4%  
3-month Treasury Bills:  
yield: 5.836%  
Long Bond: 100 1/4%  
yield: 8.67%  
GOLD  
New York: Comex August latest  
\$457.6  
London: \$484.25 (\$452)

### STERLING

New York lunchtime \$1.63  
London: \$1.8135 (1.8135)  
DM 2.9675 (2.9625)  
FFr 6.065 (6.0776)  
Sfr 1.503 (1.5068)  
Y243.5 (144.25)  
Sterling Index 72.6 (72.5)

### LONDON MONEY

3-month interbank:  
closing rate 5 1/4% (same)  
NORTH SEA OIL:  
Brent 15-day June (Argus)  
\$18.75 (\$18.75)  
STOCK INDICES  
FT Ord 1,729.9 (+5.3)  
FT-A All Share 1,068.3 (+0.6%)  
FT-SE 100 2,222.3 (+14.6)  
FT-A long gilt yield index:  
High coupon 8.88 (8.9%)  
New York lunchtime:  
DJ Ind Av 2,333.13 (-3.95)  
Tokyo:  
Nikkei 25,271.3 (-94.81)

Chief price changes yesterday, Back Page

Australia \$2.22; Bahrain Din 0.850; Belgium Sfr 48; Canada C\$1.00; Cyprus C\$1.75; Denmark Dkr 8.00; Egypt E£2.25; Finland Fmk 1.00; France Ffr 6.50; Germany DM 2.22; Greece Dr 100; Hong Kong HK\$12; India Rup 15; Indonesia Rp 3,100; Israel NIS 3.50; Italy L.1,000; Japan ¥800; Jordan Jds 500; Kuwait Ks 2.00; Lebanon L.L.500; Luxembourg Lfr 40; Malaysia Rm 4.25; Mexico Ps 20; Morocco Dh 8.00; Netherlands f. 1.00; Norway Nkr 7.20; Philippines Ps 20; Portugal Esc 100; Saudi R. 5.00; Singapore S\$4.10; Spain Ptas 125; Sri Lanka Rup 30; Sweden Sfr 8.00; Switzerland Sfr 220; Taiwan NT\$96; Tunisia Dn 0.800; Turkey L500; UAE Dir 6.50; USA \$1.00; Bermuda B\$1.00.

FOR INTEREST-RATES FROM 14% TO 6%  
THROUGH THE BANKING

- In 1978, interest rates plunged from 14% to 6% in only 14 months - the Sunday Times (on 3rd May) has just warned that this could happen again.
- Bank base rates have already fallen 1 1/2% in 3 months and further cuts are signalled.
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Name: Mr. Mrs. Address: Postcode: Date of Birth: Usual professional adviser (if any):

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## OVERSEAS NEWS

## EC heads urged to end deadlock

BY WILLIAM DAWKINS

MR WILFRIED MARTENS, the Belgian Prime Minister, has made a personal appeal to his fellow EC leaders to use their authority to break the deadlock on moves to scrap barriers to free trade in the Community.

He has written to government heads, asking them to sink their differences over 20 barriers to free trade among EC countries, all of which are due to be debated by the Council of Ministers, the EC's key decision-making body, by the end of the month.

The letter, written in Belgium's capacity as president of the Council, was greeted in Brussels as a last-ditch attempt to make progress on the internal market before Belgium surrenders the chair to Denmark at the end of June. Member states have been unable, since Belgium assumed the presidency in January, to agree on more than a handful of items. A European Commission programme seeks to scrap 300 barriers to free trade by 1992.

In Mr Martens' appeal for agreement are proposals to dismantle price-fixing and capacity-sharing records between state airlines. These have long been delayed by a tangle of national interests and Belgium is keen to make substantial progress when this is debated next week by EC transport ministers.

Also listed are moves to fix common frequencies for mobile telephones, mutual recognition of company notation particulars and significant reductions in frontier controls on travellers between member states.

Mr Martens is lobbying for quick agreement on a host of minor measures, dealing with common standards for pressure vessels, tower crane safety standards and animal health.

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Martens—personal appeal

The move comes a month after the release of a highly critical report by Lord Cockfield, the Commissioner responsible for the internal market, that blamed national quibbling in the Council for delaying progress on dismantling EC trade barriers.

This report said that there seemed to be the broad political will to achieve an internal market but too many proposals were being stalled by narrow national and sectoral arguments.

Mr Martens argues in his letter that the delay goes against the intention of the recently ratified Single European Act, which should facilitate decision making by introducing more majority voting.

"It is all the more paradoxical and damaging when this objective benefits from incontestable support from the public, and from leading economic and social figures," he writes.

Despite the difficulties still faced by many of the 30 measures, agreement by the end of the month should still be possible, given "political will and flexibility from the delegations concerned," the letter says.

## Outlook worsens for jobless in W Germany

BY DAVID MARSH IN BONN

WEST German unemployment is likely to drop by only just over 100,000 a year over the next five years even assuming potential 2.5 per cent annual growth in the economy, according to latest Bonn government figures.

The projections, circulating at this week's meeting of the Government's financial planning council, underline the subdued prospects for the West German economy which will be spelled out at next week's seven-nation summit in Venice.

They coincide with further uncertainties over the financing of Government's DM 44bn (£14.9bn) tax cutting package planned for 1990. This is conceived by Mr Gerhard Stoltenberg, the Finance Minister, as the country's main contribution to stimulating growth both domestically and internationally in the next few years.

Mr Lothar Spaeth, the Prime Minister of Baden-Wuerttemberg, and one of the main political allies of Mr Helmut Kohl, the Chancellor, has sug-

gested postponing the tax reform to limit cuts in tax receipts which would be weathered by state and local governments in the country's federal system.

This would be in direct contradiction to foreign pleas—led by the US—that Bonn should speed up tax cuts.

In public, West German economic policy-makers are putting the best gloss possible on latest figures showing a steep rise in industrial orders and production in April. But following an estimated 1 per cent contraction in the economy in the first quarter, officials say real growth in gross national product during 1987 may now be no more than 1.5 per cent.

The growth forecast has already been revised down from 2.5 per cent at the beginning of the year to 1.8 per cent last month. Both the Organisation for Economic Co-operation and Development and the European Commission are already projecting only 1.5 per cent growth this year.

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## UK removes three diplomats from Tehran

By Andrew Gowers, Middle East Editor

BRITAIN yesterday withdrew three members of its interests section in Tehran, as what the Foreign Office described as "a sensible precaution."

This followed the decision on Thursday to close the Iranian consulate-general in Manchester and to expel five Iranian consular officials from Britain.

The three British officials—a commercial secretary, a visa officer and a member of the Foreign Office's property division—arrived back in London yesterday with four wives and three children of interests section members.

Meanwhile, Hajatollah Hashemi Rafsanjani, speaker of the Iranian parliament, delivered a scathing attack on Britain during his weekly sermon in Tehran. He criticised Britain's role in the current diplomatic row between the two countries, as well as what he described as US collaboration with the US in the Gulf.

However, he detailed no Iranian response to the British expulsions. The Iranian chargé d'affaires in London, Mr Akhondzadeh Basti, said on Thursday he thought his Government would respond within three to four days.

The clash stems from the violent abduction for 24 hours of a senior British diplomat, Mr Edward Chaplin, in Tehran last week and the arrest on shiplifting charges of an Iranian consular official in Manchester.

Britain believes that Iran has been trying to link the two events.

The Iranian authorities have threatened to bring charges against Mr Chaplin. Sir Geoffrey Howe, the Foreign Secretary, has declared that any such charges would be "trumped up" and an unacceptable breach of diplomatic immunity.

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## John Elliott in Sri Lanka reports from amid the rubble of the Tigers' guerrilla stronghold Battle for Tamil hearts, minds and stomachs

MR LALITH Athulathudull, Sri Lanka's National Security Minister, stood yesterday in the coastal Jaffna town of Velvetdurai captured from Tamil extremists a week ago and announced "We want to win the hearts and minds of the people. We are one people and one country and we want non-violence."

Accompanied by four other ministers, two generals, civil servants, and a crowd of local and foreign journalists, including two from India, Mr Athulathudull chose this battered and sensitive town to launch a "hearts, minds and stomachs" campaign aimed at preventing the area falling back into the hands of the Tamil Tigers.

For four years this had been the Tamil extremists' main base. It was seized by the armed forces after heavy bombing and fighting, which claimed perhaps more than 100 civilian lives and demolished many homes and other buildings.

In the last few days 4,000 Tamil men aged 15 to 35 have been arrested in the town, described as a controversial and feared interrogation centre called Boosa in the south of the island.

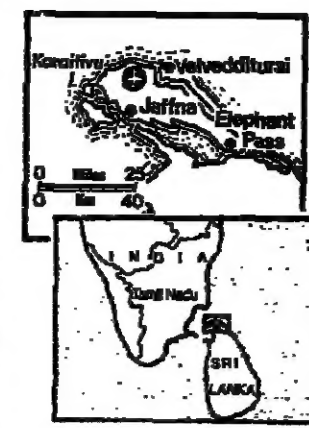
Smiling and talking with the urban style of a 50-year-old former president of the United Nations, Mr Athulathudull, who wants

to be president of Sri Lanka, walked into the dusty courtyard of an ornate Hindu temple where several hundred Tamil women, watched by their husbands and children, queued for relief aid of rice and flour.

He gently held the hand of the first distraught father who rushed to him and said: "I have put my wife (Shirani) in charge of all the welfare of the boys who have gone to Boosa. She and her colleagues in the Seva Vinaytha welfare organisation are writing to all the parents and will look after their welfare."

At a meeting with local organisations, he promised to use defence budget money to buy the local crop of onions, and also promised to help ship coconuts to Colombo, to provide grants for agricultural seeds and fertiliser, to set up a telephone link with the rest of the island, and to try to reopen schools and restart fishing.

This is the first such community programme launched by Mr Athulathudull, who believes that military victories alone will not bring about a possible distant peace settlement. That he has done it is recognition of the depths to which Sri Lanka's ethnic strife has sunk in the past four years as Tamil claims for some form of independence or devolution in Jaffna and the east of the



island had become increasingly violent.

The main street and coastal roads of Velvetdurai are testimony to the havoc that has been wrought. Three years ago the first damage was done to buildings when the Tigers planted landmines and the navy shelled the town which is the home of Mr P. Prabhakaran, the Tiger's leader, who escaped after last week's defeat.

The battle smashed line after line of buildings beyond repair. Ruins are carved in red brick and concrete walls are a mass of rubble. There are access tunnels under roads and large bunkers built by the Tigers which have been demolished. I was

warned not to walk off the street or into houses because they could still be booby-trapped.

A three-mile long bunker called Canada, and regarded by the Tigers as their main defence, took two days to capture and is now a mass of rubble. "The Tigers always said Elam (their name for an independent homeland) would fall when Canada fell," said Brigadier Gerry de Silva.

"There was no warning at all last Tuesday week. The planes came in at 5.45 am and they bombed and bombed till 6 pm," said Mr J. Nathan, a quantity surveyor who was standing with other husbands and children in the temple ground.

"Seven helicopters came in and shot along the streets. Three Avro transport planes dropped incendiary bombs on houses and there were five other bombers as well," said Mr Sinha, a lorry driver.

He was referring, almost certainly with some exaggeration, to part of Sri Lanka's limited air force of 25 Bell 212, 412, and 206 civilia helicopters, converted with machine guns and rocket launchers, six new SIAI-Marchetti two-seat turbo prop trainers which have been converted with guns and rocket pods and were doing the bombing, and some antique Avro 748

transports. There is no sign of the "carpet bombing" alleged by India or the massive civilian casualties and starvation which India used as justification for its violation of Sri Lankan airspace to drop relief supplies on Thursday.

"We did have bombing on concrete bunkers where there was heavy resistance. They were destroyed by air when the infantry asked for help," said General N. Senarathne, the army commander, who claimed the "locals' reports were exaggerated."

People in the temple were divided about whether they wanted India to intervene. Most wanted arms sent to them or the Tamils to help them defend themselves, but few wanted India to invade. They knew little about Thursday's drop of relief aid.

Mr Athulathudull was more caustic. With a glance to foreign journalists to ensure we were listening, he said: "Indian food be careful, diarrhoea, you know." He appeared to acknowledge an implied threat by India to intervene again if government forces renewed their attacks on the Tigers, but laughed. "It's like the big brother trying to bully a small brother—the small brother goes between the legs of big brother."

## China explodes nuclear device

BY ROBERT THOMSON IN PEKING

CHINA is believed to have exploded a nuclear device yesterday for the first time since 1984 at its underground testing station at Lop Nor, in the far west.

The Swedish National Defence Agency said an explosion registering 6.8 on the Richter scale was recorded, though the Chinese government would not confirm that the blast took place.

The Swedes said it seemed likely the nuclear device was less than the 150-kilotonne

limit agreed by the unratified 1974 threshold ban treaty between the US and the Soviet Union.

China is thought to have conducted about 33 nuclear tests, though the size of its nuclear arsenal remains unknown. Peking strongly favours nuclear disarmament, yet maintains that it will keep a stockpile of weapons until the US and Soviet Union get rid of their nuclear arms.

Chinese leaders say the stockpile is more symbolic than

threatening, and have claimed that the country lacks the resources to upgrade their strength and sophistication, though diplomats see the test yesterday as an attempt to do just that.

The Chinese premier, Zhao Ziyang, has guaranteed that China will no longer conduct atmospheric nuclear tests, and has called for a "simultaneous and balanced reduction and on-the-spot destruction of medium-range nuclear missiles deployed in Europe and Asia."

The test, which began on March 13 over the dismissal of

## Black S African railway workers win strike victory

BY ANTHONY ROBINSON IN JOHANNESBURG

THE BITTER three-month-long strike by black South African railway workers has ended with a major victory for the Railways and Harbour Workers Union.

The state-owned South African Transport Services has agreed to re-instate all the 16,000 workers dismissed on April 22 and to rectify several long-standing grievances. The most important is the granting of permanent status to all employees irrespective of race. Until now only whites qualified after two years service.

SATS also agreed to spend R10m (£3m) on improving housing conditions. Mr Jay Naidoo, General Secretary of the Congress of South African Trade Unions said the agreement, reached after lengthy secret negotiations between legal advisers of both sides, will have a profound effect on future labour relations which up to now have been "like a hangover from the middle ages."

The strike, which began on March 13 over the dismissal of

a black driver, revealed deep rooted grievances and took place against the background of tough police action against both Sarhu and Cosatu.

Over 200 strikers are still in detention, including the unions negotiating team. Three strikers were shot dead by police on April 22. This was followed by two police searches of Cosatu house and police allegations of torture and intimidation of "scabs" culminating in the burning tyre necklaces murder of four Sats workers.

Cosatu was then rendered homeless by a powerful bomb explosion which wrecked Cosatu House. It also complained of a government inspired slander campaign against the union movement by the state-controlled television.

Jubilant after stewards said they attributed their victory to striker solidarity. Only 300 sacked workers applied for re-employment while the remainder, many of whom are skilled or semi-skilled workers, refused to return unless their grievances were settled.

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## Airbus advances airliner launch

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRBUS INDUSTRIE, the European jet airliner manufacturing group, yesterday formally announced the launch of the long-range four-engine A340 and the medium-range twin-engine A330. They are to go into service from May 1992, and spring 1993, respectively.

The group—which includes the UK, France, West Germany and Spain—said in Toulouse it held orders and provisional commitments for 130 of the new airliners from 10 airlines—made up of 89 A340s and 41 A330s.

The announcement had been expected for next week at the Paris Air Show, but was brought forward to prevent drift of potential customers to the main rival venture, the new McDonnell Douglas MD-11 medium aircraft from the US. That aircraft is being promoted vigorously, with some Airbus customers as prime

targets. The formal launch of the two Airbus aircraft also appears to end any remaining speculation about possible collaboration on the new venture between Airbus and McDonnell Douglas, in a bid to fight off Boeing in world markets.

There have been discussions between the two groups in recent months but they have achieved nothing.

The Airbus go-ahead has been approved by the governments of the four countries, and by the boards of the participating shareholder companies.

This follows the satisfactory settlement over







## UK NEWS

# Evered in row over size of golden handshake

BY CLAY HARRIS

MR JOCK MACKENZIE, the former chairman of London and Northern Group, is seeking a "golden handshake" believed to amount to £750,000 from Evered Holdings, the industrial company that took over his conglomerate in April after a £100m bid.

The payment would be one of the largest made to the departing executive by a UK company. It reflects the value of salary, profit-linked commission and benefits in kind due to be paid under Mr Mackenzie's service contract, which still has 34 years to run.

Although Evered would not confirm the precise figure being sought by Mr Mackenzie, Mr Osman Abdullah, chief executive, said yesterday that the two sides were still far apart.

Evered is believed to be offering Mr Mackenzie about £250,000 and does not rule out contesting his contract in court if agreement cannot be reached.

Mr Mackenzie, chairman of L and N for 20 years, was relieved of all executive duties in the group last month. He will remain as a non-executive director at least until September, by which time Evered hopes to have resolved the dispute. He did not return telephone calls yesterday.

Under the 1977 contract, which runs until December 1990, Mr Mackenzie receives an annual salary of £53,741 plus 15 per cent of consolidated pre-tax profits over £9,492,000. He also receives 100 per cent of profits of former subsidiaries where L and N's shareholding still exceeds 20 per cent.

In 1985, the last year for which accounts are available, he was paid £114,459—£1,762 less than in 1984.

Benefits in kind are believed to raise the annual total, including salary but excluding commission, to about £150,000.

Mr Mackenzie, aged 61, is believed to be seeking a total payment of £750,000. He has indicated to Evered that he would expect to pay no tax on that because of his personal financial circumstances.

Evered announced on Thursday that Mr Mackenzie's son, Charles, had resigned from the L and N board. The departure of another son, John, was announced last week.

# Tourist decline 'hit hotels hard in 1986'

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

BRITAIN'S hotel industry—especially luxury London hotels—was hit badly last year by the sharp fall in overseas tourist numbers, a report published yesterday by hotel consultants Horwath & Horwath, discloses.

The room occupancy rate in London hotels fell to 74 per cent last year from 81 per cent in 1985, with the decline more marked in top hotels. Room occupancy throughout the UK fell to 82.8 per cent from 85.5 per cent in 1985 according to the report.

Horwath & Horwath points out that prospects this year are much better because of the recovery in tourism, but gives a warning that the hotel industry might face further setbacks if it becomes too complacent. In particular, it criticises hotels for cutting marketing expenditure last year. It says: "Some hoteliers are repeating a past mistake of reducing marketing costs at the very time when these should have been increased to counteract the decline."

The report adds that the recent series of hotel acquisitions by leading chains at high prices might lead to insolvencies.

"To justify these prices, the hotels must trade very successfully," it says.

The report criticises the high prices charged by some top London hotels. It points out that the average room rate for London's luxury hotels was £150 a night.

UK Hotel Industry 1987, published by Horwath & Horwath, 8 Baker Street, London, W1M 1DA, £25.

# Holiday Inn plans to build low-price chain

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

HOLIDAY INN, US owners of the world's largest hotel chain, announced plans yesterday to build 25 budget hotels in the UK, eventually creating about 750 jobs.

The hotels, to be called Garden Court, are included in the company's plans to build 130 hotels outside the US in the next decade.

The Garden Court chain is aimed at business or leisure travellers who do not want the full facilities of a standard Holiday Inn hotel, such as swimming pool, banqueting rooms and room service.

The hotels, costing some £2m each, will be developed by franchising, which Holiday Inn sees as an important route for expansion.

The first Garden Court hotels in the UK will be built at Northampton, Southampton, Maidstone, Ashford, Exeter, Salisbury and Bath as well as on the outskirts of big cities such as London, Birmingham and Manchester.

# Control of satellite group 'passing to US company'

BY RAYMOND SNOODY

TWO British trade union leaders claimed yesterday that effective control of British Satellite Broadcasting, the UK satellite broadcasting company, was passing to Hughes Aircraft of the US.

The claim was made by Mr Ken Gill, general secretary of the manufacturing union TASS and Mr Al J. Sapper, general secretary of the Association of Cinematograph Television and Allied Technicians.

They say British Aerospace lost the £200m contract for two direct broadcasting satellites to Hughes because it was not prepared to put £20m "up front" towards the cost of the satellites.

"If Hughes is prepared to guarantee the finance, then it will become the largest shareholder in the project—in effect an American company with a controlling interest in what was initially a British consortium," the unions argue.

The two unions appealed to the Government yesterday to intervene and ensure that the project went to BAE to protect jobs and ensure that Britain had a future role in advanced DBS technology.

The claim package that the financial backing being offered by Hughes to BSB involves loans and that the American aerospace company will have no equity stake in BSB or the right to convert loans into equity.

# Bejam reshuffles senior management

By Christopher Parkes, Consumer Industries Editor

BEJAM, the food and freezer retailer, yesterday announced top management changes in which day-to-day executive control passes to Mr Timothy How.

Mr How, 36, becomes managing director of the company and of Bejam Freezer Food Centres, the group's main trading subsidiary.

Mr John Apporth, the 52-year-old chairman and founder of the group, is giving up all executive duties and assumes the role of non-executive chairman.

Mr Laurence Don, managing director, will continue working full-time as deputy chairman and chairman of the food centres and of Bejam Properties.

The changes were well received in the City, where Bejam is considered to have lacked the aggression for consistent growth in 1986 retailing.

"Retailing is a young man's business," Mr Apporth said, explaining his decision to step down. He will now devote more of his time to Lodge Care, an old person's and geriatric homes company, where he has a non-executive board seat.

Mr How joined Bejam four years ago from a marketing post at Rank Xerox. Two years ago he was appointed general manager for the retailing, appliances and marketing divisions.

Bejam recently expanded its freezer centre network, buying 14 stores from William Low, and last year diversified with the purchase of the Victor Value High Street supermarket chain from Tesco.

Profits have been flat compared with the results of other food specialists.

# Goodison warning on regulations

By Clive Wolman

SIR NICHOLAS GOODISON, chairman of the Stock Exchange, has added to the criticisms of the costs of the City regulatory system being brought into effect under the Financial Services Act.

Speaking at an Institute of Economic Affairs Conference in London, Sir Nicholas said: "There will unfortunately be those who will promote the cause of regulation for regulation's sake rather than looking at the practical reality of the marketplace. The risk is that the market becomes over-regulated and the cost of the supervision becomes so high that practitioners no longer want to stay in the market."

Four hidden costs of regulation should be identified, Sir Nicholas said: employing lawyers and other advisers to comply with the rules; holding additional capital as required; more detailed record-keeping; and training employees and ensuring that they come to terms with the new rules.

Mr Kate Mortimer, policy director of the Securities and Investments Board, challenged the critics of the costs of the new regulatory system, in particular Prof Charles Goodhart of the London School of Economics. She said that, far from being an overbearing bureaucracy, the SIB was understaffed in several areas.

Benefits such as improvements in the financial controls of investment firms and greater confidence would offset the costs of regulation, she said.

Ms Mortimer argued that the rules would raise the awareness of investors and thus enhance competition.

She added that the breadth of the responsibilities of the SIB should prevent it from being "captured" by any particular interest group trying to keep out competitors.

Another potential drawback of the new framework, a proliferation of overlapping self-regulating organisations might be avoided, she said. "My personal bet is we'll be down to four and probably three in three years' time." At present, there are five SROs.

# Nick Bunker and Robert Thomson on the money and property pact signed in Peking

## China's path cleared to London market

IN DUSTY bric-a-brac shops on Hong Kong's Hollywood Road, tourists can still buy for a few dollars each dozens of fading scraps of orange parchment. They are bond certificates issued by successive cash-hungry Chinese governments in the 40 years before the Sino-Japanese war erupted in 1937.

Until yesterday—when Britain and China finally signed a money and property claims agreement after nearly eight years of sporadic talks—they were little more than historical curiosities, valuable only to collectors since Chiang Kai-Shek's nationalist government began welching on its foreign debts 50 years ago.

But the Peking agreement has done more than simply guarantee a small windfall to the holders of the £51m in Chinese sterling bonds such as these that were in default by the beginning of the Second World War.

True, the settlement is fraught with historical ironies—not least the fact that Chiang Kai-Shek made £7m-£8m of bond issues between 1927 and 1935, nominally for projects such as roads or railroads, but possibly also to pay for his notorious campaign to annihilate Chinese Communists who included Mr Deng Xiaoping, China's present leader.

But the settlement's lasting significance is two-fold. It has demolished the last obstacle to Sino-British relations and eradicated political barriers to China's free access to London's financial markets.

Last June, China ran up against the wrath of the Bank of England when it tried to borrow \$300m via a floating-rate note issued in London at a time when the claims talks with the Foreign Office still seemed far from a conclusion.

Since 1935—when it first set up a committee to renegotiate the terms of Chinese debt issues—the Bank had firmly opposed its re-entry to international bond markets until it paid its old obligations. Legally, the Bank could stop China issuing new bonds but had no powers other than moral persuasion to keep China out of London's Eurodollar market.

But official disapproval by the Bank forced China to make last June's issue from Frankfurt, where it was led by Deutsche Bank. Three British banks—Kleinwort Benson, Standard Chartered and Barclays—were later discreetly punished for taking part when the Bank of England barred them from extra allocations of bonds issued by the UK.

There were plenty of signs yesterday that the Bank's stand was the crucial factor in deciding the outcome of the key session of claims talks in Peking last December.



The Shanghai waterfront, home of Britain's trade links with pre-revolutionary China

First, China is keen to tap the London bond market because borrowing in Tokyo has become more expensive. Much of the \$4.1bn it has borrowed in the last two years via 18 issues of bonds or certificates of deposit has been denominated in yen, and the rise in the yen's value has caused difficulties for a country with a self-confessed severe shortage of foreign exchange.

Second, China likes to spread its borrowing across as many financial centres as possible for fear of repeating the over-reliance on one country that occurred when it was heavily indebted to Japan after 1900.

Another indicator of China's eagerness to clear up the issue may lie in the strange behaviour of bond certificate prices in the past few years. In 1983, London dealers were selling the certificates for about 7 per cent or 8 per cent of their face value but by last year that had steadily edged up to about 40 per cent.

One dealer said yesterday that that might reflect covert buying by the Chinese, in Hong Kong or London, aimed at reducing the volume of trusted bonds in Western hands.

Not surprisingly, there was a surprised but delighted reaction to the Peking agreement yesterday from London bankers who can now begin issuing Chinese bonds without fear of official displeasure.

"We knew there were talks going on but we didn't expect anything as soon as this," said Mr Robin Fox, vice chairman of Kleinwort Benson, which, for instance, hopes to arrange \$800m of finance for a proposed underground railway in Shanghai.

One key question is how much use China will actually make of London's capital markets. Analysts in Peking say most of China's borrowing is used for large infrastructural projects, with power stations and communications as the top priority areas. But conservative British officials say the Communist Party still fear that China will become dependent on foreign funding and are calling for "self-reliance."

# Mass market portable phone launch likely

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

A NEW cordless telephone system which might eventually bring the use of portable telephones within the reach of the mass market is likely to be launched before the end of this year.

Plans for the introduction of the new digital technology, codenamed CT2, have moved a step closer in the last few days with the distribution of technical specifications for the system by the Department of Trade and Industry.

They follow lengthy discussions between telecommunications manufacturers and the department, which has been concerned to introduce the system in a way that would maximise the opportunities of UK producers anxious to make the digital handset.

The initial objective behind the introduction of the second-generation cordless system is to improve on the capacity and quality of the present analogue system.

In the longer term, however, some industry executives believe the digital technology could be employed to provide subscribers with small portable telephones that could be used at specially provided "tele-points" in public places such as railway stations.

Users would be able to key into the public telephone network at such centres, which would contain special reception devices to pick up the radio waves from the cordless phones. The aim of the industry is to produce handsets that could be carried around in a pocket and would initially be priced at about £200—a price that would be likely to come down rapidly as volume picked up.

According to Whitehall officials, the introduction of the digital system would be possible this autumn unless there is a change of government policy after the election. No significant legislative changes are expected and it is not expected that the European Community will put up serious objections to the change from analogue methods.

Several telecommunications producers, including the new Orbital joint venture formed by Plessey and Racal, are gearing up to produce the new cordless handsets. Orbital said it was hoping to demonstrate a product by October.

Mr Marshall Meek, vice-president of the Royal Institution of Naval Architects, told a public inquiry into the disaster that roll-on-roll-off ferries were more likely to capsize than other ships because of their large, open vehicle decks.

He said transverse bulkheads should be incorporated in new ships to prevent seawater flooding an entire deck, and similar modifications should be made to existing vessels.

Transverse bulkheads have not previously been incorporated in roll-on-roll-off ferries because of fears that they would slow down loading and unloading, which might affect the viability of some ships.

Mr Meek told the inquiry, however, that companies had to choose between giving passengers and crew more chance to escape in an emergency, and the possible effect of design changes on freight capacity and turnaround times.

He had been pressing for design changes since the early 1970s, but it had been "a difficult subject to pursue, and not one that has found encouragement around the country."

# Private housebuilding pace shows no sign of slowing

BY ANDREW TAYLOR

THE PRIVATE housebuilding boom shows no sign of slackening. Figures published yesterday by the Experimenter show that builders started work on 20,500 new homes last month—11 per cent more than in the same month a year ago, and the highest level for 15 years.

Private sector housebuilders continue to lead the way. The number of private homes started by builders during the three months to the end of April, after allowing for seasonal adjustments, rose 28 per cent compared with the corresponding period a year ago and by 20 per cent compared with the previous three months.

Public sector housing starts in the three months to the end of April were 6 per cent higher than in the previous three months, but 5 per cent lower than in the corresponding period last year.

FMS will write the home loans straight on to the books of the vehicle company. That, Mr Nick Deutsch, its managing director, describes as neat. It will also be the key to many of the company's other innovations.

The second is the decision to write the home loans not in its name but in the name of the institution that originates them, although it has not done so with Sun Alliance, its first client.

The principal candidates are life assurance companies, estate agents, retailers and building societies, Mr Deutsch says.

The third point is greater flexibility in the mortgage product. Each originator will be able to decide what type of mortgage it wishes to sell to its clients. It can choose to offer fixed-rate mortgages, as Sun Alliance has, floating-rate ones, capped ones or any other type.

The fourth point is profit-sharing. Mortgage specialists make their profits by charging home owners a higher rate than they have to pay to borrow money on financial markets. At the moment, the spread between the mortgage rate and money market rates is particularly wide, giving the opportunity for large profits.

Normally, the specialists keep all the profits and the originators get their kick-back from writing the life business that goes with most mortgages.

FMS, however, plans to share the profits of each vehicle company with the originator that supplied the mortgages. It will not, however, be doing that with the Sun Alliance deal.

The final innovation is FMS will have no right to use the customer base it builds up from mortgages for other purposes. The possibility that other financial institutions will try to steal their clients is something that worries originators, Mr Deutsch says.

FMS's organisation will differ in being much smaller than most of the others. It expects to have about 12 employees and will not create its own unit for administering loans, at least in the short term. It will be using Mortgage Systems, a company based in Fleet, Hants, in the Sun Alliance deal.

"Our philosophy is to sub-

# Wagon design may promise ro-ro trains

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

BRITISH RAIL has given the go-ahead for tests on a privately developed rail wagon which it believes might provide a breakthrough in attempts to win a bigger share of the freight transport market.

Tiphook Rail, a subsidiary of the Tiphook container and trailer rental company, has ordered five of the wagons, which will be built in Finland for about £35,000 each.

The innovative feature of the wagons is a swinging central section, powered by compressed air, which would allow the trailer sections of articulated vehicles to be transferred direct from road to rail without cranes or other expensive equipment.

That would improve access to the railways for companies sited away from the network, and might make rail transport more attractive, particularly for longer journeys.

The development of the Tiphook wagon is also in tune with worldwide moves towards greater integration of different forms of transport, known as intermodalism.

It would accommodate standard trailers on many British Rail routes, although loading restrictions would mean that some specially built equipment would have to be used.

Mr Robert Montague, chairman of Tiphook, claimed the wagon concept was revolutionary, and could provide the basis of a national network of roll-on-roll-off road-rail transport.

Tiphook is a recent entrant into the expanding privately-owned rail wagon sector, which now accounts for more than 40 per cent of freight rolling stock on the BR network.

The company is rapidly establishing a reputation for innovation. It is also considering buying four air locomotives to haul freight.

Mr Ian Brown, BR's finance and resources manager for freight services, said the corporation was excited about the wagon design, which might prove to be a dramatic breakthrough in intermodalism.

"Our engineers have looked at the general concept, and it seems very exciting indeed. The next step is to make sure that it works," he said.

Mr Brown made clear, however, that Tiphook would have to demonstrate that there was a commercial market for the wagon before many of them would be accepted on the network.

British Rail has recently introduced a road-rail service called Minlink for small containers, but that does not allow wheeled vehicles to be transported. An earlier experiment with dual-wheeled vehicles capable of running on both road and rail proved an expensive flop.

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# ECONOMIC DIARY

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contract wherever economically feasible," Mr Deutsch says.

However, although small, FMS has ambitious plans. Each of its four outside shareholders has put up £5m for a 22.5 per cent stake (the remaining 10 per cent is being kept by the management).

FMS will put capital into each vehicle it sets up equivalent to 5 per cent of the value of the vehicle's mortgage portfolio. That will allow the vehicle to borrow short-term money until the mortgages are ready to be securitised.

That gearing ratio means that FMS will initially be able to hold \$400m in mortgages. The faster it can turn round its mortgage book, the more it can lend.

One dealer said yesterday that that might reflect covert buying by the Chinese, in Hong Kong or London, aimed at reducing the volume of trusted bonds in Western hands.

Not surprisingly, there was a surprised but delighted reaction to the Peking agreement yesterday from London bankers who can now begin issuing Chinese bonds without fear of official displeasure.

"We knew there were talks going on but we didn't expect anything as soon as this," said Mr Robin Fox, vice chairman of Kleinwort Benson, which, for instance, hopes to arrange \$800m of finance for a proposed underground railway in Shanghai.

One key question is how much use China will actually make of London's capital markets. Analysts in Peking say most of China's borrowing is used for large infrastructural projects, with power stations and communications as the top priority areas. But conservative British officials say the Communist Party still fear that China will become dependent on foreign funding and are calling for "self-reliance."

Second, China likes to spread its borrowing across as many financial centres as possible for fear of repeating the over-reliance on one country that occurred when it was heavily indebted to Japan after 1900.

Another indicator of China's eagerness to clear up the issue may lie in the strange behaviour of bond certificate prices in the past few years. In 1983, London dealers were selling the certificates for about 7 per cent or 8 per cent of their face value but by last year that had steadily edged up to about 40 per cent.

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## UK NEWS-LABOUR

## BT flexible working plan 'behind schedule'

By Charles Leadbeater, Labour Staff

BRITISH TELECOM'S wide-ranging efficiency programme to reduce demarcation lines between engineers by introducing more flexible working practices is behind schedule, according to Mr Derek Bourne, the senior National Communications Union official overseeing the negotiations.

It seems likely that working practices will start changing only during the middle of next year, almost two years after the settlement date of the deal under which the changes are being introduced. The company first suggested the programme in 1984.

Negotiations on implementing other efficiency measures agreed by the union this year—such as allowing more flexible team working—have yet to get under way. The so-called job re-posting programme is being introduced as part of the 12 per cent two-year pay deal BT agreed with the NCU, the main union in the company, in February.

Mr Bourne said the company had delayed the start of the talks to allow time for local and corporate managers to clarify ideas on what changes they wanted.

He said initial discussions aimed at agreeing the general shape of the possible and the appropriate way to negotiate their introduction, were well under way in all BT districts around the country.

For the first time, negotiations over the manning changes are being conducted locally under the umbrella of the national agreement reached in February. Mr Bourne said that although the districts were proposing similar changes, for instance to merge the work of installation and maintenance engineers, the negotiations were being determined by local requirements.

Under the two-year deal, 110,000 engineers are due to get a payment of 0.5 per cent by June 30 for agreeing a framework for introducing the changes and a further 1.5 per cent on June 30 next year if the package is being implemented.

The NCU yesterday opened the way for a merger with the Union of Communications Workers, which might create a 300,000-strong communications industry union, by the end of the decade.

Delegates at the NCU's conference, at Blackpool, voted by 55,855 to 50,102 to instruct the union's leadership to open urgent negotiations with BT.

The vote overturns the decision of last year's NCU conference to halt merger talks. The UCU's leadership has been in favour of a merger for some time.

The NCU has 150,000 members, mainly in British Telecom. About 30,000 of the UCU's 150,000 members work for BT, the rest in the Post Office.

## Talks stalemate threatens Bedford's Luton plant

BY JOHN GAPPER, LABOUR STAFF

GENERAL MOTORS said yesterday that an impasse in negotiations over far-reaching changes to working practices at its Bedford van plant at Luton, Bedfordshire, would threaten the plant's future if it continued next week.

A mass meeting of 1,900 workers at the plant on Wednesday evening decided not to agree to a framework package for the proposed new joint venture with Isuzu, the Japanese manufacturer, without knowing details of pay and conditions.

The company has insisted that a framework agreement is a pre-condition for further discussions in order to satisfy Isuzu that an acceptable foundation is in place to justify its investment in the new venture.

Separate talks of the two sides were held at the plant yesterday to try to resolve the differences by next week.

General Motors, which has

called for a full agreement by July 24, had counted on a framework agreement being made by the end of this week.

A spokesman for the company said the dispute threatened the new venture, which it says is needed because the plant is presently losing £500,000 a week—as the timetable for reaching an agreement was already short.

He said: "The problem is already critical because we need to maintain Isuzu's confidence. Perhaps there is an element of complacency on the union side about this because they do not seem to have grasped the gravity of the situation."

The company argued that for the unions to sign a framework agreement would not be the equivalent of handing it a "blank cheque" to change working practices because the full package would also require agreement.

The workers' mass meeting

backed a resolution put by union negotiators that discussions should be deferred until the company agreed to disclose pay and conditions proposed by the new joint venture, including the new grading structure.

The main thrust of the company proposals is believed to be a move to more flexible working practices, along with a joint negotiating council of plant unions and changes to the pay grading structure.

Mr Peter Amos, a divisional officer of the white collar union ASTMS, said that union negotiators realised the gravity of the problem faced by the company, and were discussing ways in which full negotiations could be resumed next week.

He said: "Patently, the situation is incredibly serious and everyone recognises that. Yes, there is an impasse, but with goodwill on both sides, we believe it can be resolved."

## NUM faces £1m test case bill

BY CHARLES LEADBEATER, LABOUR STAFF

THE National Union of Mineworkers could face a legal bill of about £250,000 for losing an accident compensation test case which took 10 years of litigation to settle.

The bill could place serious strain on the union's finances. An NUM financial report last year revealed the union had accumulated a £2m deficit between January 1984 and August 1986.

The report warned that future projections suggested the deficit could reach horrendous proportions.

However, the NUM said yesterday the union's finances were on a sound footing after a special conference earlier this year had approved an increase in membership contributions.

Mr Arthur Scargill, the union's president, said a financial restructuring plan recently adopted had taken into account the possibility of having to pay the costs in the case.

The House of Lords ordered the union to pay British Coal's costs in the case, after it upheld the corporation's practice of not including pension contributions

in calculating the compensation that should be paid to miners who lose wages after an accident.

Mr Scargill started the litigation in 1977, as president of the Yorkshire area of the NUM. The union's claim that compensation should be based on gross pay rather than pay net of pension contributions was initially upheld by the High Court, but the judgment was overturned.

Mr Scargill said that had the case been successful it would have led to £20m being paid in compensation to miners.

## EETPU on a collision course over single-union agreements

WHEN Mr Eric Hammond, general secretary of the EETPU electricians' union, spoke this week on single-union agreements to his union's biennial conference there were two particularly significant bursts of applause from the delegates—when he said he wanted to see the union remain in the TUC and, seconds later, when he said he was not prepared to see that at any price.

It is then the maverick electricians' union once again heading for a clash with the TUC that might, whatever the outcome of the election, turn the TUC's annual congress into a battleground? And if it is—does it matter?

All the signs are that conflict is coming. And when it does, it will be on a more difficult and far-reaching basis than the last two times the EETPU has gone to the brink.

In retrospect the last occasion—with the AEU engineering workers over taking government money for ballots—seems an irrelevance: sound and fury over little.

Philip Bassett on how the maverick electricians' union might rock the TUC boat again

union recognition deals that would be likely to rule out the EETPU's strike-free agreements.

That may no longer be a problem. Mr John Edmunds, GMBU general secretary, has said recent TUC inter-union disputes committee findings on two EETPU single-union deals may make new intervention unnecessary, and Mr Norman Willis, TUC general secretary, said the TUC wanted to see an informal agreement between unions to map out settled bargaining territories.

If that is turned aside—and it may not be—there is another obstacle. Last week, the EETPU finally signed a single-union, strike-free deal with Orion Electric, a small Japanese video company in Fort Talbot, after a lengthy "security contest" in which four unions (principally the EETPU and the TGWU transport workers) bid against each other for recognition rights.

Ever before the actual signature Orion was put by the TGWU into the TUC's disputes procedures.

The two recent disputes committee findings told the EETPU to withdraw from agreements with Yuasa Battery and Thorn EMU and, reluctantly, the EETPU is complying.

But EETPU leaders are already insisting privately that if the TUC repeats its instruction over Orion they will not comply—because they believe their signing the deal accords entirely with the TUC's changed policy providing for single-union agreements only in specific circumstances.

If that happens, the EETPU knows it will be put through the TUC's disciplinary procedure, facing suspension and expulsion. But if that happens, the EETPU will pre-empt it by going out to a membership ballot on continued TUC affiliation.

The EETPU's determination on the issue is all the more extraordinary when the scale of the union's potential losses of which could be the TUC is considered. Without the protection of the TUC's Bridlington inter-union principles, whole sections of the EETPU's membership would be vulnerable to unchallengeable poaching by other unions.

## Engineering group shifts quality control to workers

BY JIMMY BURNS, LABOUR STAFF

WEIR GROUP, the Scottish-based engineering group, has secured an agreement from unions under which its manual workforce will be made directly responsible for the quality control on the shop-floor. The agreement, built into the annual wage award at Weir Pumps, the group's main division, completes a three-year programme of radical changes in working practices.

The group has insisted on the changes as part of its financial recovery plan following its near collapse in 1981, and in response to increased international competition in the high quality, high technology engineering sector.

Mr John Frew, general manager in charge of production, said yesterday: "We have

undergone a significant change of attitude. We now have the type of thinking you find in the Far East where the worker is totally responsible for his work."

Under the system the 1100-strong workforce at Weir Pumps will be expected to produce a high-quality product first time, rather than inspect the quality of a product after it has been manufactured.

Mr Frew predicted that by helping increase the group's competitiveness and market share, the workforce would gain higher earnings through productivity-linked bonuses.

The main unions represented at Weir Pumps' two Scottish plants are the Amalgamated Engineering Union and the General and Municipal and Boilermakers Union.

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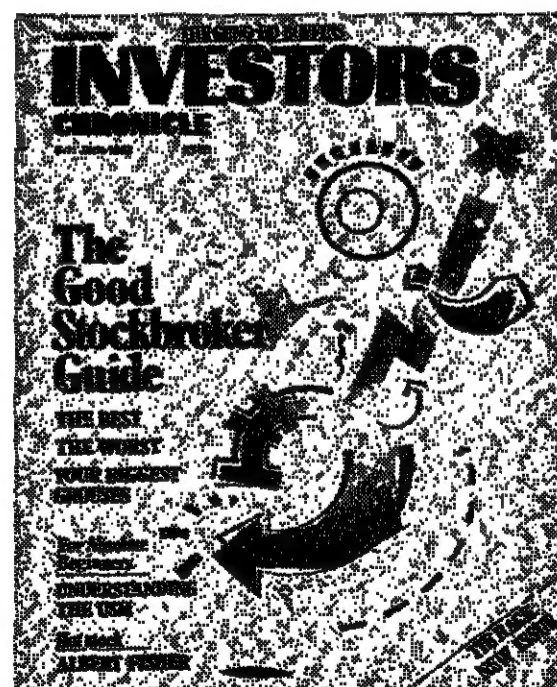
## THE GOOD STOCKBROKER GUIDE

New to investing in the stockmarket? You're bound to be asking "Which stockbroker should I choose?". An old hand, but unhappy with the service from your existing broker? Your obvious question is "How can I find a better one?". Either way, there's never been much reliable information around to help you make your choice.

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## UK NEWS — THE GENERAL ELECTION

Children  
'given the  
three Cs  
in school'

BRITAIN'S schoolchildren need the three Rs but instead they are getting the three Cs—centralisation, conflict and cuts, Mr. David Steel, the Liberal leader, said yesterday.

Speaking at Shipley, Yorkshire, Mr. Steel said: "The results are clear. It is not our children who are failing in our schools—it is the school system which is failing our children."

"What is the good of 2p off the income tax if parents have to buy exercise books? What is the good of 2p off income tax if shortage of equipment means learning less?"

He said the Conservatives had wrought havoc in schools and with the education of children. The Alliance was determined to bring peace to the classrooms by restoring teachers' negotiating rights, improving standards, involving parents and increasing investment in schools.

Mr. Steel said the Tory manifesto boasted that the Government had provided more resources for pupils than ever before. But in fact only a few had benefited.

"The majority are left to languish in the under-valued, underfunded and out-of-favour state sector with battered books and peeling paint where spending per pupil is down 25 per cent since the Tories came to office."

Later a buoyant Mr. Steel spoke in Ryedale in support of Mrs. Elizabeth Sheldrake who won the North Yorkshire seat at a by-election.

Speaking after a poll in Farmers' Weekly magazine showed that Alliance support among farmers had doubled while Tory support had slumped, he said: "The Government has crucified British farming with the result that farm incomes are lower today than at the last election."

And he pledged that the Alliance would ensure that the agriculture industry was an essential part of the modern economy—"we believe that the family farm is the backbone of the countryside and must receive a fair deal."

The Alliance would encourage conservation of the countryside, of chemicals, organic farming, and less intensive methods of livestock production and reverse government cuts in agriculture research, education and advice.

In the evening at a rally in Edinburgh Mr. Steel said the Alliance was on course to take many Scottish seats in the election.

"Since Mrs. Thatcher has been leader of the Conservatives we have taken three more Scottish seats from them. We are on course to take many more next week."

The Alliance has high hopes of capturing at least one Edinburgh seat. In 1983 they came within 500 votes of taking Edinburgh West.

The Liberal leader said there was no possibility of Labour gaining a majority in the House of Commons, whatever their support in Scotland. "We are even poised to gain a number of Labour seats."

## Newspapers shout out their unsecret manifesto: lash the lurking lefties

Fiona Thomson on national press priorities

THE LATE Genghis Khan (Raging Conquest and Unionist Party) is a "don't know," it was exclusively revealed in the Sun's psychic election poll on Monday.

Bodicea, who took Colchester by a landslide in AD 60 and put to death 70,000 members of the opposition (Roman Colonists Party) is plumping firmly for Mrs Thatcher. "When I hear the words of Kinnoek and his ilk I feel ashamed for England," she confessed.

This remarkable posthumous poll was conducted by medium Nella Jones, from Bexleyheath in Kent. Overcoming the barriers of mortality and language she interviewed a series of noted democrats, including Henry VIII. "When I think of you, I would cheer of the heads of Hamilton, Grant, Livingstone and the rest of the Republican rabble."

It has been one of those weeks. On Tuesday, the Mirror gave us "Election sensation—top Tory quits." Duke, the British bulldog who shared equal billing with Conservative chairman Norman Tebbit launching the Tory manifesto, had changed sides.

Apply ing "sound Thatcherite principles" he had sold to the highest bidder—The Mirror. "Duke cocks a snook at old Norm," the headline went.

Beneath the humour, the real theme of the week for much of the press was fear, and how to whip it up.

The rhetoric on Monday was relatively subdued in the heaviest: "Labour tax plans will hit average incomes." The Telegraph's not so in the popular press. The Express went to town on the Labour leader. "The sinister silence of Kinnoek's barons" (union

activists lurking in the shadows, waiting); "Kinnoek's tax threat to 12m"; and "Kinnoek's heaviest turn vicious," a piece about his team of "bover boys"—Denis Healey, Roy Hattersley, Gerald Kaufman and Bryan Gould—being "let off the leash" to begin the attack.

Mr Healey will never be the same to many of us after Michael White's piece in Thursday's Guardian. "Mr Denis Healey yesterday visited a mental hospital where he was a predictable success with the patients. Relative to Mr Healey, most of us are mentally handicapped and the shadow Foreign Secretary has no need to modify the technique he has long since perfected for dealing with the less fortunate."

Lurkers of every sort: union barons, lonies and

lefties, plagued Mr Kinnoek all week. The Sun on Tuesday: The unions "have paid their money to a garrulous Welsh piper. If he is elected, they will insist on calling the tune."

The Telegraph on Wednesday: The Prime Minister warns that repeal of trade union reforms would mean violence at the factory gates with workers "being spat at, stoned and victimised."

The Express on Thursday: "The unions, like the Militants and the loony left are staying as sweet and quiet as Mafia molls at a godfather's funeral."

The Mail yesterday went completely over the top. "The most dangerous, powerful and ambitious elements within the Labour movement have entered into a devil's pact with Kinnoek" to shut up for the duration, Paul Johnson assured us. All had

been gagged: "the screaming, spitting lesbians and sex perverts, the race fanatics who bully head teachers, the peace studies propagandists, organisers of municipal rent-a-mobs—most of all the trade union barons."

Beneath the verbiage, it is clearly a serious worry. A leader in The Independent headlined "Rightful curbs on union power" said "We would be loathe to see Mr Kinnoek attempt to turn the clock back," and The Guardian, in a leader on Wednesday, said industrial relations was the "one great subject about which Labour is keeping deliberately silent."

It has not been a great week for the Alliance, though at least the full page "Dracula Doctor" story in the News on Sunday was not wicked smear against Dr David Owen, which must have

come as a relief. The problem was, David S and David O would keep tripping over each other's words.

The Sun on Wednesday: "Alliance partnership rocked" by Dr Owen's "our last chance" statement. Then, on Thursday, after a day of dithering will-he-won't-he work with Mrs Thatcher, the Mail put it bluntly: "Steel makes a U-turn. Liberal leader gives in to the Tories."

Some of the tortuous tongue twisters offered up by both Davids beggared belief.

The Tories started the week on the attack but became very twitchy mid-week following the Newswatch poll giving a fillip to the opposition over margins. The Mirror on Thursday managed to put things in perspective: "Thatcher having sex hormone treatment to keep

herself young," it shouted. Downing Street snuffed, refusing to confirm or deny.

Mrs Thatcher's style and personality were under fierce attack for most of the week. The Times on Tuesday reported Mr Kinnoek labelling the PM as "an ambitious, would-be empress surrounded by spineless doormats for Cabinet ministers."

She managed to maintain a regal "saddened rather than angered" pose early on in the week but could not keep it up. The Mirror yesterday: "Edgy Thatcher shows the strain. She snaps then cracks and drops a real clanger."

"My day, my time, my doctor," said Mrs Thatcher. For one, brief, moment I thought The Time Had Come for Dr Owen. But no.

## Thatcher defends strong and clear leadership style

BY JOHN HUNT

MRS MARGARET THATCHER last night hit back at those who had criticised her style of leadership and accused her of creating "two nations" by her policies.

Speaking to a large rally in Chester she declared: "Strong, clear and consistent leadership—that is the only way to secure success at home and respect abroad."

"To the charge of providing that kind of leadership I gladly plead guilty."

Mrs Thatcher's words mark a change in the emphasis of the campaign. Under fire from Labour for alleged "arrogant" style she has been emphasising the team spirit of her Cabinet. But with Mr. Neil Kinnoek, the Labour leader, successfully putting across his personality in the campaign her speech last night indicated that the Conservative tacticians had decided to put her once more to the fore.

On the charge of creating two nations she hit back at Labour accusations that her Government's policies were divisive. She found this "hypocritical" coming from a party which believed in and practised the theory of class warfare.

Labour believed that the road to power lay in turning one section of the people against another. "To Labour's charge of being a divisive I answer in one word—humbug!" she declared. She said that the truth was that the Government had given the country leadership—decisive, strong, clear and above all consistent.

She also counter-attacked her opponents who accused her Government of being autocratic. To lead meant taking hard decisions—"not everyone will agree

with you—that is what democracy is about." In spite of her critics she made it clear that she intended to stick to the policies she had laid out in the manifesto.

"A strong, consistent leadership is pushing ahead the policies which unite the nation." She gave six examples which she said were the "unifying objectives of the Government and which all sensible people supported."

These were the freedom of home ownership, freedom of letting parents have a say in which schools their children attend and what they were taught, freedom of the workplace and the right of employees to decide whether to belong to a union, freedom to save and share in national prosperity, freedom under a law impartially enforced by the police, and above all national freedom against aggression by well equipped armed forces.

"Here then are the six objectives around which the nation can unite," she emphasised. "All of them are Conservative policies. They constitute the heart, the core, the bedrock of Conservative policy. Strong leadership to unite the nation—that is what Conservative Government is about."

She turned on Labour and accused it of "the arrogance of power." It was the party which wanted to punish people who did well for their families by building up businesses and providing jobs. No matter how many jobs any entrepreneur created the Labour Party would insist on levelling him down. It was the politics of envy and decline.

## Consular closure attacked

By Tom Lynch

MR DENIS HEALEY, the shadow Foreign Secretary, yesterday criticised the Government's decision to close the Iranian consulate in Manchester and expel the five officials, claiming it to be a violation of 1984 of four Libyan diplomats after the murder of a police officer.

At a press conference in London yesterday he referred to last month's arrest of one of the Iranian consular staff in Manchester on shoplifting and other charges. Mr Healey said it looked as though Sir Geoffrey Howe, the Foreign Secretary, "was trying to find an excuse to take a man who is subject to civil proceedings beyond the reach of British law."

He recalled that one of the Libyan diplomats expelled in 1984 had been responsible for the police officer's murder.

At the Conservative press conference a few minutes later, Sir Geoffrey said it sounded as if Mr Healey was speaking with "characteristic irresponsibility."

"It is most important on a matter of this kind to recognise that our judgments and decisions have to be shaped with regard not only to securing the right response for the totally unjustified conduct of Iran, but to secure as far as we can continuing safety of British subjects throughout the world."

Cleeve called

ACTOR John Cleeve is set to give the Alliance a final boost in election week in his first campaign appearance for the SDP.

He will be part of a rally tomorrow at Richmond, one of the seats the Alliance must win if it is to break through. Sir Richard Attenborough, Bamber Gascoigne and actor Simon Cadell will also be lending their support.

He may not have the cuddly charm of Mr Baker but he has great personal appeal. He has a subject a great deal better than any inter-tower and most political opponents.

And the Chancellor has also learnt the value of focusing on just a handful of themes—Britain's economy is now growing faster than that of any of its major rivals, there is a new respect overseas for its industry, the CBI is optimistic, cash is flooding into sterling.

Sometimes his mind seems to work much faster than that he can speak. The result is a tendency to slur his words and appear inarticulate. Generally though, questioners and audiences are impressed by his grasp of detail on everything from standing charges on gas bills to hospital waiting lists and pensions, to the minutiae of corporate taxation.

Perhaps the most important, the Chancellor has managed to suppress his natural instinct to be rude to people who ask silly questions. An hour of aggressive questioning from listeners to Election Call brought only one gratuitous insult—and that was directed at Sir Robin Day.

He dismisses the idea that he is out of his depth in politics as opposed to Government. The press, he says, tends to draw one-dimensional images of politicians, which once framed are almost impossible to shake off.

"You just cannot survive as a politician unless you enjoy it." But can someone who likes nothing better than outwitting Treasury experts on the finer points of fiscal and monetary policy really enjoy traipsing through Midlands marginals defending the Government's record on health or pensions?

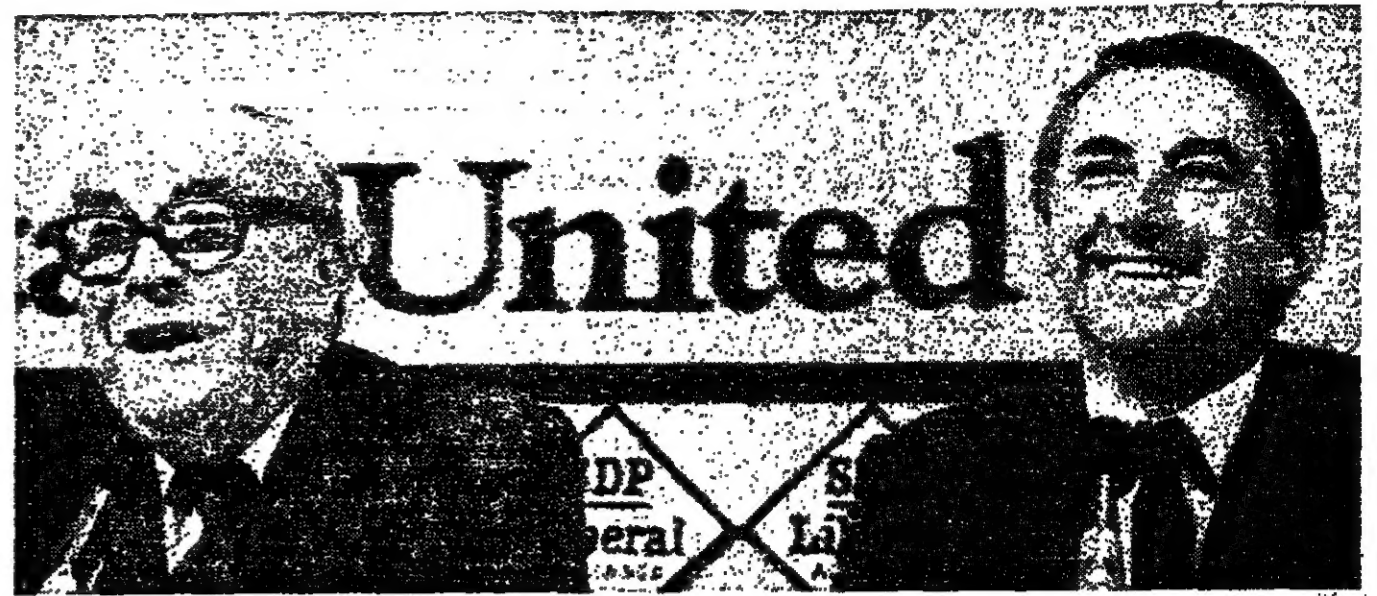
"Yes," he insists. But then as an afterthought: "When I'm in the mood, I can't say that it's all pure joy."

Then, of course, there is the winning. Mr Lawson is supremely confident of that. He has been busy fixing up a whole series of policy meetings with Treasury officials—after the election.

home. Mr Lawson struck out for Twickenham. His key television appearance—on Election Call, Newsnight and Question Time—have also dispelled much of the scepticism about his effectiveness.

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Key word that speaks as loudly as a smile: Roy Jenkins and David Steel during yesterday's Alliance press conference

## Alliance bids to win undecided voters

BY LISA WOOD

THE Alliance yesterday made its bid to win over undecided voters who found both Tory and Labour manifestos unacceptable.

David Steel, the Liberal leader, told a press conference that voters faced an impossible choice.

Millions of them would like to "buy" the social concerns of Labour but not its defence policies. Conversely, others liked the Conservatives' econ-

omic policies but not those on unemployment, education and health.

He said: "By supporting the Alliance they are able to combine the best of both—a super-vote." He claimed that was why the thoughtful voter was moving towards voting for the Alliance.

Also on the platform was Mr Roy Jenkins, the SDP candidate for Glasgow Hillhead. He criticised both Mrs Thatcher

and Mr Kinnoek for their rejection of consultation and compromise with the Alliance in the event of a hung Parliament.

He said: "My firm view is there is nothing in history or geography to suggest that coalition government is weak government and one-party government is effective government."

The same theme was taken up by Mr Alan Beith, Liberal

candidate for Berwick-upon-Tweed.

He said: "The two-party shouting match of confrontation policies in the House of Commons is getting us nowhere. It infuriates the voters and it does nothing to unite the country."

He said when a Government has an overall majority it had to listen to other views. Governments without majorities had a simple choice—they listened or they went.

## 'Deceitful' policy denounced

MR NORMAN TEBBIT, the Conservative Party chairman, last night called Labour's non-nuclear defence plans as the "most deceitful and dangerous policy ever laid before the electorate."

Mr Tebbit, speaking at Chingford, said no election issue was more important. But Labour still had to learn that it could not play games with the nation's security and freedom.

"You cannot gloss over your defence policy and hope no one will scrutinise it until after polling day. You cannot claim, as Mr Kinnoek does, that the issue is an irrelevance," he said.

"It is not an irrelevance to the British people and the Labour Party will find it out to its cost."

Mr Tebbit said Mr Roy Hattersley and Mr Denis Healey knew that unilateral nuclear disarmament was incompatible with membership of Nato.

"They knew it was a policy of either suicide or surrender, and had said so. In their hearts, they knew only too well how dangerous the Kinnoek defence policy is."

For it is not really a defence policy. It is only concerned with fighting a guerrilla war after Britain has been occupied—after the white flag of surrender has been hoisted up.

## Tories fall in Winchester poll

BY PETER RIDDELL AND IAN HAMILTON FAZEY

THE SDP/Liberal Alliance is pressing the Tories closely in Winchester according to a Marplan poll commissioned by the social democrats.

The poll of 780 voters, undertaken this week, put the Tories on 47 per cent, down 10 points compared with the 1983 general election. The Alliance is 6 points up at 40 per cent, with Labour on 12 per cent.

There has been considerable controversy among Winchester Conservatives following the publicity concerning the legal action between Mr John Browne, who is seeking re-election for the Tories, and his former wife.

A further Marplan survey privately commissioned by the SDP puts its candidates on 32 per cent in Exeter, behind the

Tories on 45 per cent, with Labour clearly in third place on 22 per cent.

The SDP hopes in both cases to publicise the polls locally in order to squeeze the Labour vote.

Mori's latest series of polls in north-west marginals for Granada TV show Labour set to gain Hyndburn, where the Conservative majority last time was 21, but Mr Geoffrey Dickens holding on comfortably in Littleborough and Saddleworth.

The Alliance has great hopes against Mr Dickens, the prominent Conservative backbench campaigner against pornography and child abuse, but the poll, broadcast regionally last night, shows them well back in third place with only 25 per cent.

This is a loss of six points on last time, all of which appear to have switched to Labour, now on 31 per cent according to the poll. Mr Dickens is up one point at 44 per cent.

Hyndburn, in north-east Lancashire, is being fought for Labour by Mr Keva Coombes, who has been experiencing a doorstep reaction to his membership of Liverpool City Council, in spite of personal endorsement by Mr Neil Kinnoek.

The poll shows him with 44 per cent, compared with 40 for Mr Ken Hargreaves, the Conservative defender. However, the margin for error in the polling is plus or minus 4 per cent, so the net is still in the balance. The Alliance is up one point on 18 per cent.

## Owen clings to hope of hung Parliament

DR DAVID OWEN, the SDP leader, yesterday clung to the hope that a hung Parliament was possible in spite of the Alliance's poor opinion poll ratings.

He told journalists on his campaign aircraft between Aberdeen and Edinburgh: "There's obviously got to be a turn-up for the books and I think a turn-up for the books is possible."

He agreed that the last poll looks as if there's a Tory lead. But one thing is clear, the only options are a Tory lead or a balanced Parliament. A balanced Parliament is, I think, very

much on the cards still.

"I have always said that winning for us is holding the balance. That's what we are going for. That's what I hope and still believe is going to happen."

To journalists accompanying Dr Owen some of his familiar bounce appeared to desert him north of the border.

He was clearly irritated by a tussle with the Ministry of Defence, describing as "plain ludicrous" his thwarted attempt to go electioneering aboard a Royal Navy ship in Aberdeen.

He was allowed on board, but his press entourage was not.

The incident happened at the Hall Russell shipyard where he was to inspect the fishery protection vessel HMS Guernsey.

The yard's burly, hard-hearted chief security officer, Mr John Massie, blocked the way and told reporters they could not follow Dr Owen aboard.

When the BBC checked with the MoD in London it was told it was policy not to allow any publicity to seek election publicity on Ministry of Defence property.

The Hall Russell shipyard was recently privatised, but the ship is under MoD control.

## David Thomas on the Tory pledge not to privatise the letter box

## Uncertainty still hangs over the Royal Mail

MAIL USERS have welcomed the Prime Minister's statement this week that the Royal Mail will not be privatised. However, some business mail users are uncertain about the precise implications.

Mrs Thatcher said the mail would not be privatised because people felt very strongly about postal services allowed to operate through postal disputes had performed badly: "The mail often got thrown in the ditch, thrown in a hedge, thrown in the waste, or even at the end thrown back in the letterboxes."

Similarly, recent discussions about plans produced by right-wing think tanks for the privatisation of the Post Office have revealed anxieties among Conservative supporters that could lead to higher charges

for rural areas and the closure of many rural post offices.

However, Mr Leon Morelli, chairman of Pharos Distribution Services, a London company involved in forwarding business mail overseas, asked yesterday: "What does she mean by the Royal Mail? Data post, parcels and counters over does she just mean the letter service?"

The Post Office defines Royal Mail to include both letters and parcels. It has never had a monopoly over parcels and, although its parcels operation is much bigger than its com-

petitors, it accounts for less than 50 per cent of a fiercely competitive business.

Counters and National Girobank, its banking subsidiary, are the Post Office's main oper-

ations outside the Royal Mail.

The Post Office would welcome greater friends for the counters in one respect.

At present, it is restricted to handling the business of Government agencies, but would like to be able to start dealing in a wider range of business over its counters, such as financial services, theatre and travel tickets.

However, it is opposed to the sale of its counter side, believing its counters to be intimately linked in with its other operations.

For similar reasons, it opposes the separate sale of National Girobank, long thought to be the most likely candidate for privatisation if the Conservatives are returned.

## Expert without a telegenic image

Philip Stephens finds the Chancellor in confident mood

MR NIGEL LAWSON, the Chancellor, has no doubts about what he most enjoys in an election campaign. "Winning," he says without a blush. But he is prepared to work for it.

The accepted wisdom is that Mr Lawson, though one of the most senior members of the Government, has been kept out of the front line for much of the campaign. He is not, it is said, "telegenic." Or, as one Conservative central office official puts it: "He's hardly in the Kenneth Baker class."

The Tory image-makers see another problem. Mr Lawson, whose portly frame anyway contrasts with the suave appearance of Mr Baker or, say, Mr Cecil Parkinson, is too interested in his job to worry about his tailor—though he has been forced to succumb to the central office hairstyles.

Lord Young, the Employment Secretary, has thus grabbed some of the choicest spots in the countless television debates on the economy. As a senior campaign co-ordinator with no seat to fight he has a big say in who the party will offer when the television companies come on the line.

Weekend World, for example, wanted Mr Lawson for its hour-long analysis of unemployment. The programme makers feared central office would offer Lord Young. And it was the noble Lord who duly appeared.

Mr Lawson, however, is not spending the election campaign in the quiet comfort of 11 Downing Street. A glance at his diary and an attempt to keep up with him for a day soon dispels that myth.

Tuesday of this week started with a 7 am interview on breakfast television followed by an hour-long appearance on the platform at central office as the daily press conference focused on the economy. By noon he was briefing financial journalists on the upcoming Venice summit, before heading to a meeting with local businessmen in the north London marginal of Edmonton.

A meeting with the party faithful in North Westminster, another marginal, left barely



Nigel Lawson: enjoys that winning feeling

enough time to deliver a lecture to the Chartered Insurance Institute in the City. It was then on to Sheen—high on the Alliance hit list—for a public meeting in the local community centre. By that time I had run out of energy and headed for

home. Mr Lawson struck out for Twickenham. His key television appearance—on Election Call, Newsnight and Question Time—have also dispelled much of the scepticism about his effectiveness.



## Kinnock seeks support from floating voters

BY TOM LYNCH

MR NEIL KINNOCK, the Labour leader, yesterday launched a strong appeal to floating voters and argued that the Alliance had lost its opportunity to convince the electorate of its claim to the middle ground.

The Social Democrats and Liberals have had their chance to represent the tide of concern now running strongly about what the Tory future would mean. They have not been able to take that chance," he told a press conference in London.

A vote for the Alliance, the nationalists or any other party would be "a wasted vote which would divide the anti-Conservative majority and bring the result that all of those non-Conservatives most want to avoid."

Mr Kinnock said Labour would direct its appeal in the last few days of the campaign to those who were undecided and to those Conservatives who could not accept Mrs Thatcher's leadership system or support her policies.

He predicted that many such traditional Conservatives who wanted safeguards against the division which would increase under a third Thatcher administration, would be attracted to

Labour before polling day. "The votes of thoughtful Conservatives are still available for the Labour Party."

Labour would speak for the millions of people of all ages and classes who were concerned about education, health, pensions, unemployment and social division. "Bringing out the best in Britain will require a Labour government. The Tories cannot do it and will not do it."

Alliance predictions of holding the balance of power in a hung parliament were dismissed as coming from "a collection of people and they can hardly be described as an Alliance these days who are desperate to borrow some vitality by giving the impression that they can play a determined part in the future government of this country."

He said he was delighted that the Alliance was being "pushed aside" in the south of England and claimed divisions had emerged at local level between rank-and-file Liberals and "what passes for a rank and file" in the SDP.

Mr Kinnock argued that it was vital to minimise the division in the anti-Conservative vote.

"The way to achieve that is to diminish the Liberal and SDP vote throughout the country."

He said Labour's appeal to those who were well off to assist "the victims of our society" was not purely an appeal to their generosity of spirit. "It is an expression of the reality that—as they well know—they prosper, their security, their opportunity are all improved in a country that is united and jeopardised in a country that is divided."

As part of its drive to win over Alliance voters, Labour has sent out a leaflet to its constituencies for household distribution asking them to "make an alliance with Neil Kinnock and the Labour Party and win for Britain. What the majority of voters want is Britain brought back together again and the basic values of tolerance, compassion and freedom respected once again."

Labour says its private polls say Alliance supporters would prefer a Labour government if their party cannot win outright those who would prefer the Conservatives by about two to one.

## Growth up with Labour says study

By Ralph Atkins

LABOUR WOULD increase economic growth and create more jobs than the Conservatives but at the cost of higher inflation and a worse trade position, according to a report from the Henley Centre, the independent economic forecasting organisation.

The report predicts that a Labour Government would reduce unemployment by about 900,000 in two years—not quite meeting the target of 1m set in its manifesto.

The economy would grow 3.5 per cent in 1988, compared with 3 per cent this year. But inflation would rise to 8.5 per cent by 1988 as the trade deficit on the current account would deteriorate by about 10 per cent over the same period.

Under the Conservatives, unemployment would remain constant at about 2.9m for the next five years. Economic growth would slow to 2.1 per cent this year and fall to 1.5 per cent by 1990.

However, the report finds that Britain's economic performance will depend more on factors beyond the control of any government.

It says: "The short-term economic prospects for British business depends less of who wins the next general election than on a number of external imperatives such as oil prices, international interest rates, and production and labour costs in competitive countries."

If Mrs Thatcher were returned to power she would find it hard to reduce inflation further largely because of world conditions.

The trade position would also deteriorate if the Conservatives won the election—but not as fast as under Labour.

The report does not consider the Alliance's programme on its own but if a Conservative and Alliance coalition took office, the report says the effect would be similar to an outright Conservative victory. Unemployment, however, would fall by about 400,000 in three years.

The economic consequences of the next Government, The Henley Centre, 24 Tudor Street, London EC4A 3AA. 59p.

Later, on Channel 4 News, he told a group of voters from marginal seats that 570m of investment had gone overseas in the last eight years.

Mr Kinnock said the worst independent forecast of the effect of Labour's economic policy had been a temporary rise in inflation to between 6 per cent and 7 per cent—but that would be in conjunction with unemployment of about 1.7m, as opposed to the 3.2m jobless when inflation last reached that level in 1983.

He said the party intended to bring its changes in personal taxation in such a way as to ensure that most taxpayers did not lose out. Proposals for scrapping the married man's tax allowance and abolishing the ceiling on National Insurance contributions would not affect people on low and middle incomes.

Mr Roy Hattersley, the shadow Chancellor, dismissed as "scare and innuendo" news reports that Labour's tax plans would adversely affect those on incomes as low as £9,000 a year.

trophy Britain's effectiveness in discussions of that kind. Nobody would give a fig for the opinions of a Labour Britain."

Sir Geoffrey described as "breath-taking" Labour's claim that its defence policy was based on "squarely and firmly" on Britain's membership of Nato. Sir Geoffrey said: "I say 'breath-taking' for the very foundation of Nato's strategy is the nuclear deterrent."

He asked how Labour could say it was supporting Nato while proposing to close down America's most vital European nuclear bases. If Britain did that, said Sir Geoffrey, she would be kicking her closest ally in the teeth and Nato would be torn apart.

Asked about the prospect of

## Cromwellian Thatcher loses ground to Cavalier Kinnock

THERE WERE disturbing signs of battle-weariness among the ministers squeezed together on either side of Mrs Margaret Thatcher at the opening Conservative press conference.

Later, as the Tory battle bus toured London's Docklands—a Thatcherite success story—Mrs Thatcher looked faintly ghostly behind the bullet-proof windows, as she talked into her portable telephone.

By contrast, Mr Neil Kinnock came out as human and even reassuring in Labour's first—and decisive—party political broadcast. Neil walked along the cliffs with his wife Gloria, talking of his childhood and his hopes for a better future. Labour's problems seemed far away.

Like Borges the Argentine writer, Mr Kinnock the British politician is also "a weaver of dreams"—dreams which seem to have been catching on at an astonishing rate, as voters turn away from both Mrs Thatcher's vision of a "Great Britain" and the Alliance's alternative, all sweetness and light.

Indeed, from the start I thought the Alliance doomed. It is not just two leaders and a jumble of hybrid ideas which seem to put people off; it is also, I think, that with the exception of the wild Dr David Owen, they lack plain old British bloody-mindedness.

It was this quality of blood-mindedness which won Mrs Thatcher a second term in office in 1983, the year in which my country lost. How was I then to judge the lady in terms of her own victory and our national defeat?

The last election was undoubtedly won on the tide of triumphantism that she first created and then brilliantly exploited. But now, five years on, how am I—or the British public—to take the pictures of Second World War Spitfires skimming low over land-lub ships which we were gratefully shown in the first of the Tory election broadcasts?

For once Messrs Saatchi and Saatchi seemed at all. The public was offended by the suggestion that only Tories were patriots. And I, and I guess many others, were upset at the coy allusion to the Falklands/Malvinas war.

Nevertheless the very use of such visual clichés also suggested from the first that the Tory campaign was tired and off-track.

It is a borough whose 175,166 electors are drawn from such diverse communities—stretching from the leafy suburbs of Dulwich to the shabby streets of Peckham, Southwark and Bermondsey.

In the 1983 general election, the turnover averaged 60 per cent—well below the national average of 72.7 per cent although Dulwich, a Tory marginal, managed 67.1 per cent. Southwark and Bermondsey, won by the Alliance, secured 61 per cent and Peckham trailed with 54 per cent.

Mr Marshall, one of the electoral registration officers in England and Wales, is responsible for preparing the electoral register in his borough and administering what he calls the "tried and trusted" British system of managing the ballot boxes. In turn he is directly responsible to the returning officer which in Southwark is the deputy Town Clerk.

Mr Marshall is a heightened public interest? Mr Marshall is emphatically neutral. "My position is totally non-political. We follow the Representation of the People Act and we follow the Home Office directives."

However, he does give some of the credit to the intense television coverage of the general election, which he says has "battered all channels simultaneously."

Television, he said, has had an indirect effect in stirring

His humble Welsh background—much played up in his own publicity—bells his campaign manner. Like a latter-day Prince Rupert—hot-headed and daring—he might be able to move in that direction, but not in the present time.

Mr George Younger, Defence Secretary added that if there was an East-West arms deal and intermediate range weapons were removed then "Nato will have to look to see our armory is complete." Mrs Thatcher strongly denied that the Conservatives had anything to do with the leaking of a secret Ministry of Defence report that Labour plans to scrap Trident could save £2bn less than the party estimates.

Jolting as the next agriculture minister.

Wales looks particularly bad from the Conservative point of view. In 1983 68 per cent of Welsh farmers surveyed voted Tory—but only 33 per cent intend to do so at this election.

This, says Farmers Weekly, could have serious implications for the party, as several key marginal constituencies in Wales have a large agricultural vote.

## James Buxton on a constituency where candidates must speak Gaelic Appealing to age-old island values

WHEN Mr Calum MacDonald, the Labour candidate for the Western Isles, took a half page advertisement in the Stornoway Gazette last week he made only one point. He said: "I am fully committed to defending the sanctity of the Sabbath, both locally and nationally... I will work to defend the traditional island values with which I was brought up."

An aspiring MP for this constituency needs several qualifications. He must come from the islands (even if, like most islanders, he hasn't lived there all his life). He must speak reasonably fluent Gaelic and he must be a steadfast opponent of any dilution of the severe island Sabbath, when most ferries and aeroplanes stop running, many islanders stay indoors and new residents from elsewhere may encounter hostility for hanging out their washing.

In this general election the successful candidate has to have another attribute: he must somehow measure up to the stature of the SNP's retiring MP, Mr Donald Stewart who held the seat for the Scottish National Party for 17 years. All contenders face a conundrum: How much of the island's history should they bring to the poll which Mr Stewart won in 1983 was his own personal vote and how much was the underlying SNP vote?

Four candidates—Labour, SNP, Conservative and SDP—are fighting for the seat. Though 75 per cent of the tiny electorate of fewer than 24,000 live on the biggest island of Lewis and Harris, where all the candidates come from, campaigning means lengthy stays on the southern islands such as North and South Uist, Benbecula and Barra.

The interior of these islands is a wilderness of peat bogs, lochs and rivers, divided into vast tracts of land owned by fighting bitter wars of attrition with local salmon poachers. Especially along the coasts, where the white sands, are some surprisingly large communities of crofters.

They seem to thrive more than the poverty of the soil would suggest. Their survival is assured by special grants and loans, subsidies for sheep and a 50 per cent rebate on rates. In almost every sea loch and inlet you can see the white sails of Scotland's rapidly growing new industry, the farming of salmon, creating some jobs and bringing new roads and piers.

The population of the Western Isles is rising, thanks to a little immigration and the decline of Scotland's rapidly growing new industry, the farming of salmon, creating some jobs and bringing new roads and piers.

Unemployment, however, is high. The islanders are used to it. It is a fact of life. It is a fact of life. It is a fact of life.

PUBLIC INTEREST in voting in the general election has been "overwhelming" according to Mr Kenneth Marshall, acting electoral registration officer in the London borough of Southwark.

It is a borough whose 175,166 electors are drawn from such diverse communities—stretching from the leafy suburbs of Dulwich to the shabby streets of Peckham, Southwark and Bermondsey.

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MISSING MORE THAN 17 per cent of eligible adults may be missing from the electoral register in many of Britain's inner cities, according to a survey published yesterday by Bradford University.

The survey was carried out in Leeds, Bradford, Preston, Huddersfield and Liverpool and sponsored by the Commission for Racial Equality. All five inner cities have racially mixed populations and the sample was balanced between blacks, whites and Asians.

It revealed that blacks had the smallest numbers unregistered, with 14.6 per cent



Ian Smith: contends that the SNP put Western Isles on the map

at about 20 per cent, is no lower the worst in Scotland. Mr Ian Smith, the SNP candidate, contends that the improvement in the economy is partly due to Mr Stewart's work in putting the Western



Isles on the map. A small band of SNP MPs could, he argues, do more for Scotland—especially in a hung parliament—than the massed ranks of Scotland's Labour MPs. Mr Smith is light

years away from the cranky SNP dream of a popular imagination. He is a serious 50-year-old businessman who is bringing his family back to the islands after 20 years running companies on the mainland.

From his travels with the avuncular Mr Stewart he reports: "I've been in every area of the Western Isles and I can't find any slippage in previous SNP support." However, Mr MacDonald, the Labour candidate, whose party took 50 per cent of the vote in 1983, and which held the seat for 35 years up to 1970, disagrees; he believes he is attracting back the "soft" Labour vote which Mr Stewart enjoyed. Four years ago, his assistant says, he would not have been allowed to show his face to the workers at Lewis Offshore, the steel fabrication yard outside Stornoway which employs 350 people and once an SNP stronghold.

This week, however, he encountered mainly friendly audiences in the works canteens when he warned them a vote

for the SNP was a wasted vote. However, isolated SNP supporters subjected him and Mr Donald Dewar, the visiting Shadow Scottish Secretary, to hostile questioning. Why had the last Labour Government reneged on its promise to cut ferry tariffs—which keep the cost of living in the islands high—to the cost of motoring a similar distance by road, they were asked. Labour will do it this time, Mr MacDonald said.

Mr MacDonald combines youthfulness—he is 31—with a natural authority and calmness. He recently came back to Lewis to help run the family kitchen equipment retailing business, having for three years taught politics at the University of Los Angeles. "The SNP was an exciting new party in the 1970s. Now it's settled down to middle age." His own party supports the radical policy of taking estates of over 5,000 acres into public ownership.

The SDP candidate Mr Kenny McIver is a popular local councillor and broadcaster. He claims to be picking up support among those who disapprove of Labour's policies on both defence and on moral issues. Convinced that the Alliance (which lost its deposit in 1983) has a chance in the Western Isles, Dr David Owen has twice been to campaign for him in recent months. But his party lacks the organisation of the SNP and Labour.

The Conservative, Mr Murdoch Morrison, is fighting to retain the small but usually solid Tory vote (almost 10 per cent last time) with what must be the millions of the community charge round his neck. Even Conservative supporters in the islands doubt the wisdom of this flat rate charge that is to replace rates in Scotland. It appears to mean the end of the crofters' prized 50 per cent rates rebate.

WESTERN ISLES 1983 election result: D. J. Stewart (SNP) 3,375; B. D. H. Wilson (Lab) 4,560; M. Morrison (Con) 1,460; N. McLeod (Lib) 876. SNP majority 3,713. Turnout 66.6 per cent. Candidates: M. Morrison (Con); C. A. MacDonald (Lab); K. McIver (SDP); I. Smith (SNP).

The Western Isles have sent only two MPs to Westminster in the last 33 years. Whoever wins this contest should build up a personal vote just as Mr Stewart did. As one islander says: "We like to have a steady serious responsible person." For most of them the choice is between the youthful maturity of Mr MacDonald and the middle-aged steadiness of Mr Smith.

## Plan to repatriate investment defended

BY TOM LYNCH

LABOUR'S PLANS to encourage the repatriation of overseas investment will be effective, and will not raise interest rates, Mr Neil Kinnock, the Labour leader, said.

He told a press conference in London that Mrs Thatcher's answer to economic difficulty was always to push up interest rates, with damaging effects on industry. By contrast, independent analysis had confirmed that Labour's policy of confining tax concessions to investment portfolios which were at least 65 per cent invested in the UK achieves its goal of attracting investment.

Questioned about a possible flight of capital from the UK in the event of a Labour victory, he said the new policy would safeguard against such an outflow. History showed that Labour Governments were more successful in attracting investment than the Conservatives, he added.

He went on to condemn City speculation on opinion poll rumours as "a very expensive and typically irresponsible game."

Later, on Channel 4 News, he told a group of voters from marginal seats that 570m of investment had gone overseas in the last eight years.

Mr Kinnock said the worst independent forecast of the effect of Labour's economic policy had been a temporary rise in inflation to between 6 per cent and 7 per cent—but that would be in conjunction with unemployment of about 1.7m, as opposed to the 3.2m jobless when inflation last reached that level in 1983.

He said the party intended to bring its changes in personal taxation in such a way as to ensure that most taxpayers did not lose out. Proposals for scrapping the married man's tax allowance and abolishing the ceiling on National Insurance contributions would not affect people on low and middle incomes.

Mr Roy Hattersley, the shadow Chancellor, dismissed as "scare and innuendo" news reports that Labour's tax plans would adversely affect those on incomes as low as £9,000 a year.

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Sir Geoffrey described as "breath-taking" Labour's claim that its defence policy was based on "squarely and firmly" on Britain's membership of Nato. Sir Geoffrey said: "I say 'breath-taking' for the very foundation of Nato's strategy is the nuclear deterrent."

He asked how Labour could say it was supporting Nato while proposing to close down America's most vital European nuclear bases. If Britain did that, said Sir Geoffrey, she would be kicking her closest ally in the teeth and Nato would be torn apart.

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## Policy made at the grassroots

THE DEPARTURE of Mrs Thatcher for the Venice summit, accompanied perhaps by a secret sign of relief from Conservative Central Office, just as much as the solemn television broadcast by President Reagan, contributes to an illusion which is shared by the heads of state and those they govern: that the world's economic fate lies in the hands of politicians.

Heads will be shaken and tables banged over the US deficit, the lack of stimulus in Japan and Germany, and the consequent dangers of recession or of instability. Meanwhile, in the outside world, company directors, brokers and investors, consumers and their bank managers will continue to take decisions which determine what actually happens.

They are of course influenced by Government policies, but these are not normally at the front of their minds; and at times these private transactions can make policy in spite of their governments.

Something of the kind may now be taking place in the US. The US government deficit is a result of political decisions, though its level also depends heavily on the rate of growth of the private economy.

## Problems unsolved

The American trade deficit, on the other hand, is the measure of the tendency of the entire US economy to outstrip its income, and the government deficit is only one element in the sum. Reduced spending by consumers and by companies, in an effort to reduce their own burden of private debt, also tends to reduce the national trade deficit.

If home-produced goods are unsold, incomes fall in line with spending, and companies and consumers find that their problems of debt are unsolved. They may then try to make heavier cuts. If it is demand for imported goods and equipment which falls, then incomes are maintained, the trade balance improves, but the deflationary effect of lower spending has an impact on America's trade partners.

The weakness of recent US economic numbers illustrates this process. Consumer spending, house building and corporate investment are all flat or worse, and the car market is suffering its sharpest recession for several years. In recent months defence spending and foreign trade have helped to maintain some modest growth in output, but there has been an unplanned rise in inventories which is likely to depress production in due course.

The motive is the burden of debt. US companies are now over-gearing as the result of an enormous substitution of debt for equity. Consumers are simply over-borrowed. Lacking the privilege of governments,

which can print their own money, they are responding to these pressures.

The result for the world economy will be exactly what the US Treasury Secretary, Mr James Baker, has been warning his opposite numbers about for many months. It cannot be taken for granted, though, that this danger will be recognised by America's Summit partners: for one paradoxical result of a deflation which is voluntary rather than imposed is that it will tend to make the US fiscal deficit bigger.

Since most governments are now highly concerned to control their own deficits, and the Japanese and the Germans are positively obsessed with this idea, they may well argue that a rising US fiscal deficit redoubles the needs for prudence on their part. The result would be not co-ordinated policies, but co-ordinated deflation.

There are some ways of squaring this circle. The Japanese have long distinguished between general government spending and some kinds of productive investment, which can be financed off-budget. Mrs Thatcher's greatest fiscal innovation, the use of asset sales to replace borrowing, is also attracting admiration.

## Exact reverse

The Germans, on the other hand, are now reported to be suffering from a slump in their own proposed tax reform, which involves heavy cuts, on the grounds that the disappointing growth of the German economy has depressed revenue. This is simply the logical counterpart of Mrs Lawson's willingness to cut taxes as a reward for the growth now being achieved.

The targeting of government deficits, in short, tends to reserve stimulus for economies which are already putting up a satisfactory growth performance, and prescribes fiscal tightening for those which are lagging. This is the exact reverse of the kind of balanced policy co-ordination which the Americans have been seeking, and helps to explain why hopes for economic progress at Venice are so subdued.

It does not seem likely that this depressing prospect will be cleared by sudden re-conversion of the heads of state to the reasoning of the late Lord Keynes. The best that can be hoped for from the politicians is some helpful fudging. However, German and Japanese citizens could yet prove more powerful than their leaders, just like the Americans. If they can develop a keener appetite for spending their enhanced real incomes, balance could yet be restored.



With five days to polling, three FT readers offer personal views

## Tory, Tory hallelujah

VOTING is the ideal combination of thought and action: it has the illusion of activity without the effort. The voter performs a secret rite of communion with friends or neighbours — or like-minded people, and rational explanation is superfluous. Intellectuals tend to despise this solidarity, but it makes as firm a basis of consent as a government could hope for, and Labour and Conservative voters can hardly be blamed for choosing whatever candidate they happen to fancy.

In my constituency of West Oxford and Abingdon, many enlightened north Oxford folk will vote viscerally for the Alliance. That in a nutshell is why I shall vote Conservative. I like to choose.

Unfortunately, not all the parties feel equally easy with individual choice. The Conservative proposal to let parents escape from local education authority control of their schools, if they so wish, has been made out as somehow immoral. The hidden assumption, too ingrained to be noticed any more, is that somewhere there is somebody else who knows better than you do what your child should be taught. This is the assumption on which socialism has come to rest in the last 30 years: the "producer" has the right to decide what the product shall be like, and the customer can like it or lump it, but never look elsewhere. During the 1980s the Labour Party, once a league of all kinds of individualists from Richard Tawney to Aneurin Bevan, somehow came to be the host body to a corporatist political philosophy descended from Mussolini and actually carried into practice by Hitler and Stalin in their compulsory trade

unions or syndicates, their Kom-somol and Hitler Youth. The great virtue of organisation by the work-place was the ease with which, by the use of the shock of loss and the black vote, the apparatus could control.

In Britain, the collectivist canker was already present in the powerful, undemocratic leading unions. In a moment of panic in 1969 the Labour government (prompted by Jim

Callaghan) surrendered to Hugh Scanlon and Jack Jones. So began Labour's decade of shame.

The union bosses' reward came in 1974: the Labour government allowed them to determine policy outside Parliament, in true corporatist fashion through private discussion with leading ministers and a larger number of bureaucrats. On the "commanding heights" of capitalism the sun was permitted to shine, but small businesses and independent workshops were fair game for militancy. The nadir of shame was reached in 1974: the militant under-graduates of Greenwich, the small firm besieged, proprietor and workers alike, by union militants. It is

now astonishing to recall how the pickets were joined by ministers, including Shirley Williams. Government and party swallowed the consequences and put through legislation to reverse the Tories 1971 attempt to ban the closed shop, surrendering individual workers' livelihoods to the union apparatus.

How could the workers' party do it? To be fair, they were not the only appeasers. Ineffectually, Lord Scarman called on the innocent proprietor of Greenwich to make a statesman-like surrender, since his resistance could not legally be challenged. The leading industrialists were perfectly happy with the corporatist system, as their German and Italian counterparts had been in the 1930s. The City was quite accommodating; public institutions had already been acclimatised to the bureaucratic spirit. Even the University of Oxford had been "reformed" in the 1960s: its Convocation, the ancient democratic assembly of its Masters of Arts, had been virtually swept away to allow the "producers" (nominally the dons, in effect a much smaller body) to unchallenged control. For the professional classes, corporatism was really quite comfortable. It is, in fact, a system of graduated privilege, cognate to, though less exquisitely elaborated than that prevailing in the Soviet Union. It was permeated by the inimitable snobbery of the Left: I had first encountered this as an idealistic undergraduate marching under the CND banner in 1959, naïvely surprised at the aloofness of the Old High Left of Michael Foot and his charmed



circle of "leaders." Now by the snobbery of Marxism the trivial protests of the individual worker were ignored as "irrelevant" by the militants. They had, after all, made their own crucial breakthrough: ministers had compromised with violence, and in due course the militants turned on them too. The "winter of discontent" sealed their fate. Ancient history, perhaps. Certainly the militants of 1987 prefer memories to be short and selective. In my own experience, however, the events of 1974-79 afforded a sustained revelation of the real Left only comparable with the sight of

Soviet tanks in the streets of Prague (another episode best forgotten by fellow-travellers). It was brought into focus the politicians who permitted the closed shop and its attendant injustices, many of whom are now once again offering themselves to the electorate, and not only in the Labour interest: they include Shirley Williams and David Owen, perhaps also David Steel who sustained them in office for two further years. How can we trust any of them not to make the same surrender again?

Mrs Thatcher's most important achievement is to have restored and extended the

liberties of the individual worker abandoned by Labour, and in spite of one or two vicious as anything seen in the 1970s. Her moral and indeed physical courage, the quality most necessary in government, stands in stark contrast to the calculated fudge of her opponents. It is clear enough that the corporatist state is not dead, but sleeping, a monster which has only been subdued by her sustained attack on all kinds of privileged and irresponsible bodies. I am not sure whether I shall always vote for the Conservative Party. But certainly I shall always vote for her.

## Folly to the left and right

A n important reason for voting for the Alliance is that it is not committed to extremist measures, and in the event of a hung parliament can restrain the majority party from ideological excesses, a danger that now exists both to the left and the right. A secondary reason relates to the Hillhead constituency: it is clearly desirable that a person of the quality of Roy Jenkins should remain at Westminster, and he has been a good constituency MP.

I had for long been a Labour voter, but like so many others have become alarmed by the inroads of the extreme left. Of course Kinnoch, Healey, Hattersley, John Smith, are men of common sense, whose economic and social policies are by no means as unsound as the right-wing press makes out. Even their stand on defence is (in part) defensible. One is reminded of Vicky's old cartoon: the British Defence Secretary faces the Russian bear, holds a pistol to his own head and cries: "Halt or I fire." In answering Kinnoch the Conservatives have had recourse to cold-war clichés and

exaggerated both the Soviet menace and the value of Britain's nuclear weapons.

However, Labour's defence policy seems to be more a compromise with the party's left-wingers than a seriously thought-out negotiating position. The "loony left" may have made only limited inroads, but there is a real danger that men such as Kinnoch will come to exercise major influence within the parliamentary party: one recalls with dismay what he and his like did with the former Labour leadership in the GLC.

True, one can now expect some moderating influence from the trade unions, but their views on wages policy and productivity have changed little. John Smith talks sense about the need for industrial regeneration, Hattersley on financial balance, but would they be given a chance to put a coherent policy into practice?

The problem with the Conservatives is that while they talk endlessly about the need for an enterprise society, so many of their policies in fact discourage enterprise — except in the City — and I share with Andrew Phillips (Observer) "fears that the City may now be feeding off and destabilising our declining industrial base."

Obviously high incomes are being made by financial manipulators and takeover experts, as well by those who handle privatisation issues. I am unhappy with the yuppie philosophy of "short-term profit over all else," the deliberate downgrading of the concept of public service

and of the public interest by extremist "free enterprise" ideologists who, alas, have the Prime Minister's ear.

Productive investment is down, industrial output (minus oil) is not above 1979 levels, unemployment is much too high, and ministers complacently claim success, and (unlike most of our competitors) seem to glory in the lack of any industrial (or energy) policy.

Twenty years ago nobody would have believed that

ALEC NOVE, 71, is Emeritus Professor of Economics at Glasgow University. Born in Leningrad, he came to Britain with his parents 33 years ago. Prof Nove was a staunch Labour voter until the last general election, when he switched to the Conservatives — he switched allegiances and cast a somewhat reluctant vote for the Alliance.

Britain would become a net importer of manufactures. What will happen when oil revenue declines? Many "British" ships (if transferred to flag of convenience) are in West Germany, an increasing proportion of cars, buses, and lorries, come from countries where wages are much higher than here, so it is hard to blame the decline of these and other long-established British industries. The Government does not even think it worth inquiring into the reasons, being more

concerned to close down loss-making capacity as a prelude to still more privatisation. Laisser faire, let industry sink. The market can do no wrong. To think ahead is "planning" — a dirty word.

What sort of "enterprise society" is it when millions have learnt that the way to make money is to buy deliberately underpriced shares in privatised corporations, or council houses, which can then be resold at a thumping profit without any effort at all? Bribing the electorate is the name of the game.

What economist can see without wincing the financing of the cuts out of the proceeds of sales of capital assets? Or the turning of public monopolies into private monopolies? Or the excesses of privatisation and fragmentation, as seen in the deliberate disintegration of urban public transport? Will Mr Ridley and his ideological advisers show just one city in all North America and Western Europe where such foolishness is even contemplated?

Infrastructural investment is highly beneficial to the private sector, which receives contracts and uses the facilities; this was well known to Adam Smith (but not to the "Adam Smith society").

The Government's ideologists (though not, at least openly, the Government) also oppose the National Health Service, preferring the exceptionally costly American system, under which, as even Reagan himself has stated, the choice can be



"between death and bankruptcy."

The demoralisation of education, the brain-drain, endless cuts imposed on universities and on research, the threat to the BBC and the arts, all this is due to a mixture of philistine myopia and gross misapplication of profit-and-loss accounting plus the prejudice against anything public. Britain does indeed need an "enterprise society," scientific advance, higher productivity. Is this the way to get it? So, back to the Alliance. Its

chief claim to our vote is that it is not moved by extremist ideologies, and so will help to preserve what is good about this country from Tory yuppies, who in their greedy pursuit of short-term profit are certainly in no position to criticise the equally greedy and myopic defenders of the closed shop in London newspaper printing. While the Alliance will not form a government, they may be in a position to prevent others from foolish measures, and this has become vitally important today.

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## 'I feel a great sadness'

student loans. At that time, it seemed that polytechnics and universities might merge, removing one inequality in education, and that comprehensive schools would come, ending another.

Instead, I see universities starved of cash and research students. A physicist friend working at Imperial College, London, on high temperature

DIANNE HAYTER, 38, is the Director of Alcohol Concern, although she writes in her personal capacity. She spent four years as a trade unionist immediately after leaving Durham University, then became general secretary of the Fabian Society. Elected to Labour's National Constitutional Committee earlier this year with the backing of the centre-right unions, Ms Hayter has voted Labour since her first general election in 1970.

superconductors (one of the major scientific breakthroughs of the decade and with near-immediate technical application) has neither the research nor technical staff to keep up with American and Japanese scientists. He sees his best students move to the US, not for the money, but for the equipment and resources to do the science that excites them. Instead of comprehensive schools reaching maturity and working towards new ways of allowing children an educa-

tion they will enjoy for the rest of their lives, we have the threat of individual schools (or boroughs) "opting out" of the state system. This will not just undermine the comprehensive principle. It will deprive state schools of the most concerned and advantaged parents' energy.

The return of two classes of education — the privileged and the rest — fills me with foreboding. What sort of united country will this create? When I worked in Brussels and in Paris, I was constantly reminded by European businessmen of the class-divided nature of British industry (which so closely reflects our education divide) and which made better industrial relations ever harder to achieve.

On many of these issues, the SDP appears no better than the Tories. It is willing to continue the subsidy of public schools by the taxpayer (via their charitable status) and has no plans to reduce the NHS's assistance (via staff and training) to the private health sector. There is also no hint of any recognition of the vital role of unions in our democracy. For those who, in classical Marxist lingo "have only their labour to sell" unions are not an optional extra, a "de-luxe" form of democracy, they are their only support against the vagaries



of employment. Without collective bargaining, working people would have substantially fewer rights and benefits than they now enjoy.

For me, the Labour Party represents the only party that will work for the less advantaged. A well-paid City friend confided to me last week that what he resented most about Mrs Thatcher was that she had done so much to help people like him. He even well look after himself and didn't need her tax cuts.

In the Cabinet Room at No 10, I want to see a group of men — and women, please Mr Kinnoch — who want to restore dignity to all our people, to give everyone the chance of a job, to give equal health care to all who need it, and an equal chance for education for everyone. I think Messrs Kinnoch, Hattersley, Smith, Kaufman — together with Frank Dobson (representing my own constituency, St Pancras) — are such people.







## UK COMPANY NEWS

## Stone agrees to £37m takeover bid by FKI

BY MIKE SMITH

Stone International, troubled systems engineering company which was once part of the failed Stone-Platt Industries, yesterday agreed to its £36.6m takeover.

FKI Electricals, fast-growing electrical engineering and electronic components group, is buying the company in a deal which values each of its shares at 106p, against 110p on Wednesday, when the shares were suspended.

The takeover comes less than a month after Stone warned that pre-tax profits for the year ended May 31 would be near break-even, against £8.09m in 1985-86, that one of the group's most profitable subsidiaries was to be sold so that gearing approaching 100 per cent could be reduced; and that the dividend would be reduced.

Yesterday it emerged that conditions had remained difficult and the preliminary results

for 1986-87 were likely to show a loss.

Stone's problems of the last 12 months present a sharp contrast to the heady growth it experienced in its first three years as an independent company. The company was floated in a flood of favourable publicity in February 1984, less than two years after the collapse of Stone-Platt, and shares, offered at 125p, were oversubscribed 19 times.

FKI came to the stock market in 1982 and since then a series of acquisitions has helped propel pre-tax profits in 1986-87 to £11.3m on sales of £83.6m. Mr Tony Gardiner, chairman, said yesterday that many of the two companies' products were complementary in areas such as signals, motors, power generation and control equipment. FKI's financial strength and management skills would help Stone's reorganisation, he said. Mr Robin Tavener, Stone

chief executive, was not available for comment yesterday.

Last month, however, he admitted that much of the group's problems were due to poor management controls. Under yesterday's deal Mr Tavener and fellow executive directors Mr John Oratts and Mr Pat Fordham will remain on the Stone board. Mr Tavener will also become responsible for international marketing in the enlarged group.

The directors of Stone, holding 8.74 per cent of the equity, have agreed to accept the offer, as have holders of another 21.7 per cent of the shares. Holders of every three Stone ordinary shares will receive two FKI ordinary shares. Stone shares closed at 159p, up 4.5p.

Full acceptance of the offer would involve the issue of 22.1m new FKI shares, representing 14.1 per cent of the enlarged equity.

## Valor seeks £265m to fund US purchases

By Clay Harris

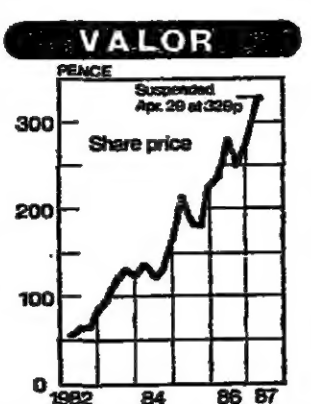
SHAREHOLDERS in Valor, the gas and electrical appliance group, were yesterday offered £265m in new shares at 330p each, a price equal to the highest the stock has ever traded.

The £265m net proceeds of the issue will provide the lion's share of funding for Valor's £460m (£285m) acquisition of Yale Securities, the US locks group, and Nutone, the US household appliance maker, announced on Monday.

The issue price implies a market capitalisation of £360m, nearly four times the value of Valor when its shares were suspended at 325p on April 29. They hit their all-time high of 330p on April 9.

Shareholders will be offered 2.861 shares for every one now held, against the three-to-one ratio that had been generally forecast. This will reduce the initial dilution of existing shareholders' earnings.

Valor yesterday forecast total 1987-88 dividends of 7.5p, a yield of 3 per cent at the current price. Since Valor and Nutone will comprise 70 per cent of the combined group, the



shares were priced virtually as a new issue, Mr Richard Heley of BZW said yesterday. Using a p/e of 14 as a benchmark, the underwriters assumed that Valor shares would rise to about 350p, before taking into account a 7 per cent discount and the fact that the old Valor shares will resume trading ex-dividend 1986-87 final (4.24p) on June 30.

Under the open offer, shareholders will be able to apply for any amount of shares. Applications for up to 2.861 shares will be allocated in full, with any oversubscription to be scaled down. The offer closes on June 26.

The £15m in expenses reflects in part the one-week exposure between the time BZW and Hoare Govett agreed in principle to underwrite the issue and yesterday's announcement of terms and arrangement of sub-underwriting. The open offer is estimated to have saved Valor £2m-£3m in underwriting and bridging costs compared with a conventional rights issue.

Valor is raising an additional £215.5m through the issue of convertible preference shares to the First City Diversified, US industrial holding group controlled by the Beitzberg family of Canada. These can be converted into 5.7m ordinary shares from the autumn of 1989.

First City will also receive a warrant to subscribe for 2m Valor shares at 330p between two and seven years from the date of completion. First City cannot buy any more shares without the approval of Valor's board.

In the absence of any further share issues, the conversion and exercise of warrant would give First City a 6.5 per cent stake.

See Lex

## Tony Jackson on the near \$2bn deal for Stauffer Chemical

## ICI plays double or quits

ICI's near-\$2bn purchase of Stauffer Chemical in the US, widely expected for some time now, is a bold move. Stauffer's agrochemical business—the bit ICI wants—has more than half of its sales in the US; and if world farming is in crisis, the crisis is at its most acute in the US. Ever since 1983, when the Government started to cut crop output through its payment-in-kind programme, the agricultural chemicals industry in the US has been under pressure. More recently, as farming incomes have collapsed and bankruptcies have spread, the pressure has become acute.

Not surprisingly, this has led to concentration in the industry. Late last year there were two major deals in the US—the sale by Shell of its US agrochemical business to Du Pont for an undisclosed sum and the \$575m purchase by the French group Rhone-Poulenc of the agrochemical business of Union Carbide.

As ICI candidly admits, this put the group under pressure to follow suit. Alan Hayes, head of ICI's agrochemical division, told the press yesterday "our relative position has been weakened by the shake-out in the industry, especially in the US. We had to accept that these deals made it necessary for us to take steps of our own."

The condition of the market added to the pressure. "We've been trying to grow organically, but the market has come off the boil, so the speed at which we could grow without acquisition was slower," Mr Hayes said. In other words, ICI had to present only 19 per cent of its worldwide agrochemical sales in the US, though the US is around 30 per cent of the world market (a little lower last year, according to a leading authority, Alan Woodburn of Wood, Mackenzie). Adding Stauffer will push the figure up to over 30 per cent—almost exactly in line with the world market.

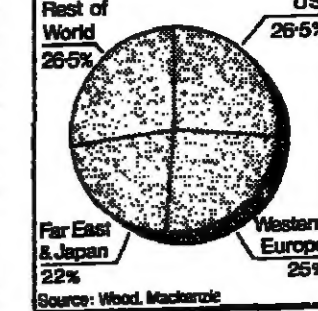
It will also raise ICI from sixth in the world agrochemical rankings to a claimed third after Bayer of West Germany and Ciba-Geigy of Switzerland (by Wood, Mackenzie's reckoning it could be a tie between ICI and Rhone-Poulenc). Combined sales this year, Mr Hayes said, could be \$1.7bn: "we're in the big league now."

And this is an industry in which size matters. In agrochemicals, innovation is crucial. Evolution means that pesticides create resistance in the pests they attack, and environmentalists mean that older agrochemicals are banned as standards are raised. This means, says one rival executive, that "although the industry is much more mature than it has been, it will still be a dynamic scene. But it will take a lot of R & D, and less players will be willing to compete. It is now taking say

## AGROCHEMICALS

World Market 1986

Total \$7.4bn



\$30m to bring an agrochemical to market, and from discovery to launch will be in the five to seven-year range. It will be much harder than in the early days for the small man to have an R & D show on the road and strike lucky."

But that same pressure is the key to ICI's decision to weather the storms of the next few years in world agriculture. Agrochemicals remain a highly specialised business, with the emphasis on invention and high added value. It is therefore the prime example of what the company calls "effect" chemicals, as opposed to the bulk plastics or inorganics whose profits collapse in the early 1980s left a permanent scar on the group's psychology.

Viewed in that light, there is a lot to be said for Stauffer.

It takes ICI into the two major crops of corn and rice, when it was previously under-represented, and it provides the group with a range of products, both on the market and in development, which seem to be remarkably complementary. "We've never seen an agrochemical possibility," Alan Hayes said yesterday, "which gives us such a good fit with our business."

There remains the problem of what ICI will raise for the bits of Stauffer—the base and specialty chemicals—which it does not want. These accounted for almost 70 per cent of Stauffer's \$1.3bn sales last year, and a little over half of the pre-tax profit of \$113m.

As Alan Woodburn of Wood, Mackenzie puts it, "there are two specific question marks over this deal—the outlook for the US farm economy, and how much they can get for the rest."

So all that remains is the price ICI will end up paying for this long-term investment. It seems unlikely to recoup more than half of the price paid for the whole lot, and could well be a loss. If the long-term strategy comes off, that will not look expensive.

See Lex

## Britoil's £54m US disposal

BY LUCY KELLAWAY

Britoil, the biggest UK independent oil company, announced yesterday that it had found a buyer for its US oil interests, which have been up for sale since November. It has agreed to sell the assets, which consist of 3.6m barrels of oil and 90bn cubic feet of gas, for \$88m (£54m) in cash to American Exploration, a US independent.

Britoil said yesterday that it would use the money to finance an active search for oil overseas in areas outside the US. The

countries in which it is now exploring or seeking to explore are Egypt, Ecuador, India and Angola.

The purchase price compares to \$157m which Britoil spent on its unsuccessful US diversification over the past four years. Its latest accounts contained a \$50m provision to cover the loss, which the company said yesterday was less than expected so that £4m of the provision would be written back into this year's results.

Britoil decided to withdraw

from the US market because it felt it could not compete on an equal footing with domestic oil companies. Despite the company's difficulties over the past year, which have involved making about 1,000 redundancies and cutting the dividend, it said that it was not making a distress sale.

In 1986 US production was about 2,200 barrels of oil a day, and 21m cubic feet of gas. The oil and gas reserves accounted for about 1 and 10 per cent respectively of Britoil's total.

## US sale fetches Canning £10.6m

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

W. Canning, the West Midlands-based chemicals, metals and electronics group, is reducing its equity stake in Medserv, its US medical services group, to 40 per cent in a private placing that will yield \$17.25m (£10.6m).

The balance of the shares will be held by Medserv management and by US-based institutional investors. Mr David Probert, chairman of Canning, said the move would have a dramatic impact upon the balance sheet, both reducing gearing and providing cash for expansion of other areas of the group business.

For Medserv, constraints upon its growth would be removed as it could raise funds in the US to pursue expansion. Medserv announced yesterday the proposed \$70m purchase of a US medical services company that would push its annual turnover to around \$200m. The balance of the shares will be held by Medserv management and by US-based institutional investors.

The new \$200,000 is payable by the new investors for an option to acquire the shares held by Canning. The option will be exercisable in future years based upon the value of Medserv at the time, but such a valuation would not be less than \$40m. Canning's interest in Medserv would not fall below 20 per cent, Mr Probert said.

## Sound Diffusion again delays final figures

By Philip Coggan

SOUND DIFFUSION, the electrical equipment leasing group, has postponed the announcement of its preliminary figures—the second year running that the company has done so.

In a letter to shareholders, Mr Paul Stonor, the chairman, said that "a late detection of anomalies in the complex computer programmes set up last year to evaluate our financial results has necessitated corrections and a complete re-run of evaluations already carried out."

Last year, Sound Diffusion's figures were delayed because of difficulties in adjusting the results to reflect SSAP 21. In the previous year, profits of \$7.44m fell well below the \$12m estimates made by the company's brokers.

Mr Stonor added in a footnote to his letter: "I am acutely aware of the problems we also experienced last year and again must ask for your forgiveness."

But the shares closed down 10p at 65p despite a statement from the company's brokers, Sheppard & Associates, that the problem was unlikely to prevent Sound Diffusion meeting its profits forecast of £10m.

EPICURE HOLDINGS: Chairman said profits for first four months of the year were likely to be up some 50 per cent in the region of £300,000.

## Trafalgar battle continues

BY PHILIP COGGAN

Trafalgar House, the shipping, construction and property group, yesterday made clear that it would continue its struggle to gain control of the property portfolio owned by Fension Fund Property Unit Trust.

It said that it would be writing directly to unit holders of the Trust despite the rejection of its £187.7m bid by the Trust's committee of management, which had been advised by Schroders.

The burden of the Trafalgar House complaint is that the offer had been rejected "without discussion" and that the investors in the Trust had not been given the opportunity to consider it.

Trafalgar House noted that some investors in the Trust were in any case seeking to redeem their units. At the moment there are over 400, but once all the redemption demands have been satisfied the number of unit holders will fall to about 350.

The Trust management said that the Trafalgar House bid was too low. In a letter to the unit holders published on Thursday, it said the offer had been based on a March valuation of the properties that came to £187.7m. But a subsequent valuation in May raised the value of the properties to £204.5m.

## Abelscot in £4m acquisition

Abelscot Group, London-based graphic materials and equipment supplier and one of the first entrants to the Third Market in January, is paying £4m for DRG's Royal Sovereign graphics business.

The business forms part of DRG's Royal Sovereign division, making studio and general artists' materials under the name "Magic Marker."

Consideration and additional working capital for future expansion is being financed through a placing of 1,297,885 new ordinary shares at 420p (in, with a clawback (in priority to the places) of nine new shares for every 20 held.

These shares are being made available to existing share-

holders and warrant holders under the terms of an open offer and have been placed by Alexander Laing and Cruickshank.

The acquisition and open offer are both subject to shareholder approval at an Extraordinary General Meeting on June 29.

CROWN TELEVISION Productions: Chairman said some short-term problems had emerged and these were being investigated as a matter of urgency. A loss for the first six months to March 1987 was likely. Deloitte were carrying out an interim audit and were helping the company with the installation of a new manage-

ment system.

Under the terms of the acquisition, the company will be able to apply for any amount of shares. Applications for up to 2.861 shares will be allocated in full, with any oversubscription to be scaled down. The offer closes on June 26.

The £15m in expenses reflects in part the one-week exposure between the time BZW and Hoare Govett agreed in principle to underwrite the issue and yesterday's announcement of terms and arrangement of sub-underwriting. The open offer is estimated to have saved Valor £2m-£3m in underwriting and bridging costs compared with a conventional rights issue.

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See Lex

## Wehmiller shares at premium

BY ALICE RAWSTHORN

Barry Wehmiller International, the packaging equipment manufacturer, watched its share price rise to an immediate premium yesterday when dealings began on the stock market. The shares opened at 170p, compared with the offer price of 135p. During the day profit-taking drove the price down to 160p, but it recovered to 167p, 32p above the offer price.

Wehmiller went public two weeks ago in a heavily oversubscribed offer to raise £15.7m. The company, which released 15.7m shares, or 70 per cent of its equity, in the flotation, is now capitalised at £37.8m, almost 24 per cent

higher than the proposed value of £30.6m. Undoubtedly the Wehmiller flotation benefited from the recent buoyancy of the new issues market. In the last month or so Rolls-Royce, Stock Ship and Pickwick have all staged heavily oversubscribed flotations and reached healthy premiums on the first day of dealings.

The next new issue in the pipeline is that of Tie Rack, the specialist retailing group. The application list for Tie Rack's shares opens on Tuesday morning and dealings should begin on the following Tuesday.

Tie Rack will go public on an historic p/e ratio of 31.5, one of the highest the London stock market has ever seen. Yet Samuel Montagu, the merchant bank handling the flotation, says that its telephone lines have been jammed with calls from would-be investors ever since the flotation was first mooted.

## Riley Leisure may end talks with Charlwood

BY CLAY HARRIS AND DAVID WALLER

Riley Leisure, the snooker group, is set to break off talks with Charlwood Leisure, its private company which had hoped to woo it away from an agreed £16.4m bid by Midsummer Leisure, the pub, disco and shopping group.

Charlwood, operator of 34 London-area snooker clubs, had proposed that Riley take it over through the issue of between 18m and 26m new shares. Riley rejected the initial terms on Monday.

Midsummer had already raised its effective interest to 21 per cent by securing acceptances from the holders of Riley's convertible preference shares.

Arlen, the expanding electrical and electronic manufacturer, has announced its third acquisition in the past year. It is also forecasting pre-tax profits for the year to the end of March 1987 of not less than £1.4m, compared with £151,000 last time.

The shares rose 12p to close at 154p. It is buying Centrepiece Engineering and Centrepiece Distributors for a maximum of £1.05m to be satisfied by the issue of 788,000 shares. In addition it is issuing 1.08m shares to raise £1.4m to cover the costs of the acquisition and raise additional capital for further purchases.

Of the issues 1.79m shares have been conditionally placed and below the size authorised by shareholders by way of an open offer on the basis of one-for-five.

The Centrepiece companies are based in Birmingham and make and distribute metal fasteners. The purchase follows the acquisition of Columbia Tool & Engineering and Columbia Precision Products, which make components for electrical and electronic appliances, in June last year and Scandinavian Decor, maker of decorative light fittings, in May.

Mr Leslie Hancock, chairman and chief executive, said that group progress continued to be encouraging. The traditional electrical business had increased profits considerably and the recently-acquired companies were performing well.

The board intends to pay a final dividend of 1.5p making a total for the year of 2p, compared with last year's single final payment of 0.5p.

## Further growth for Arlen

BY NIGEL CLARK

Arlen, the expanding electrical and electronic manufacturer, has announced its third acquisition in the past year. It is also forecasting pre-tax profits for the year to the end of March 1987 of not less than £1.4m, compared with £151,000 last time.

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## Beazer cuts US offer to £28m

BY ALEXANDER NICOLL

C. H. Beazer, construction group, has launched a £28m US share offering, substantially scaled down from the \$90m issue it originally envisaged and below the size authorised by shareholders last month.

Beazer is offering 3m American Depositary Shares, each representing four ordinary shares. They were priced in New York by Shearson Lehman Brothers at \$19 each, equivalent to Thursday's London close of 237p per ordinary share.

The underwriters may also purchase an additional 450,000 ADS, representing 1.8m ordinary shares. The maximum amount of the offer is equivalent to 18.8m ordinary shares, would be almost 5 per cent of the expanded equity.

The shares were trading in New York yesterday at about the issue price, while in London the share price recovered 2p to 239p after a 10p fall on Thursday.

## DIVIDENDS ANNOUNCED

Company	Current Dividend	Date of Payment	Corresponding Dividend	Total Dividend
Ernst & Young	1.4	July 14	1.2	1.4
Delmar	2.13	—	2	2.13
GT Global	2.25	July 20	1.75	3
Heavrite Brewery Ltd	2.4	Aug 5	2	4.4
Leander Holdings	1.3	July 16	0.75	1.3

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market.

## LONDON RECENT ISSUES

EQUITIES

Issue	Amount	Issue Date	High	Low	Stock	Closing Price	+/-	Vol.	Turnover	P/E
612 F.P.	127	125	127	125	B.A.A. Hkcs. 10p.	166	—	125	20	21.82
613 F.P.	112	110	112	110	Barrett (Theory) 10p.	111	—	80.21	2.2	33.17
614 F.P.	306	126	306	126	Bracewell (Services) 10p.	124	—	1.2	2.4	13.8
615 F.P.	85	110	85	110	Bracewell (Services) 10p.	124	—	1.2	2.4	13.8
616 F.P.	85	110	85	110	Bracewell (Services) 10p.	124	—	1.2	2.4	13.8
617 F.P.	85	110	85	110	Bracewell (Services) 10p.	124	—	1.2	2.4	13.8
618 F.P.	85	110	85	110	Bracewell (Services) 10p.	124	—	1.2	2.4	13.8
619 F.P.	85	110	85	110	Bracewell (Services) 10p.	124	—	1.2	2.4	13.8
620 F.P.	85	110	85	110	Bracewell (Services) 10p.	124	—	1.2	2.4	13.8

## FIXED INTEREST STOCKS

Issue	Amount	Issue Date	High	Low	Stock	Closing Price	+/-
620 F.P.	127	125	127	125	Barrett (Theory) 10p.	111	—
621 F.P.	112	110	112	110	Bracewell (Services) 10p.	124	—
622 F.P.	85	110	85	110	Bracewell (Services) 10p.	124	—
623 F.P.	85	110	85	110	Bracewell (Services) 10p.	124	—
624 F.P.	85	110	85	110	Bracewell (Services) 10p.	124	—

## "RIGHTS" OFFERS

Issue	Amount	Issue Date	High	Low	Stock	Closing Price	+/-
625 F.P.	127	125	127	125	Barrett (Theory) 10p.	111	—
626 F.P.	112	110	112	110	Bracewell (Services) 10p.	124	—
627 F.P.	85	110	85	110	Bracewell (Services) 10p.	124	—
628 F.P.	85	110	85	110	Bracewell (Services) 10p.	124	—
629 F.P.	85	110	85	110	Bracewell (Services) 10p.	124	—

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Month	Year-to-date close per tonne	+ or -	Business done
June.....	153.78	—	154.75-65
July.....	153.03	+0.35	154.75-65
Aug.....	156.75	—	158.00-75
Sept.....	159.75	+0.25	159.75-50
Oct.....	161.50	1.00	161.75-61
Nov.....	165.00	1.25	165.00-75

Turnover: 3,278 (4,039) lots of 20 tonnes.  
Sales: 317 (863) lots of 20 tonnes



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## CURRENCIES &amp; MONEY

## FOREIGN EXCHANGES

## Dollar slightly weaker

THE DOLLAR was a little weaker while the pound continued to trade in the vicinity of the yen. The yen unit outside its recent trading range in view of the proximity of the long weekend in Europe and the start on Monday of the economic summit in Venice.

Traders were unsure of the outcome of the summit. The yen unit outside its recent trading range in view of the proximity of the long weekend in Europe and the start on Monday of the economic summit in Venice.

News of an unchanged rate of unemployment in the US at 6.3 per cent appeared to have little effect on the dollar. The dollar closed at DM1.8135 from DM1.8135 and ¥143.80 compared with ¥144.25. Elsewhere it slipped to Sfr1.5030 from Sfr1.5065 and FF6.0620 from FF6.0775. On Bank of England figures, the dollar's exchange

rate fell from 101.8 to 101.7. STERLING Trading range against the dollar in 1987 is 1.6885 to 1.4710. May average 1.6665. Exchange rate index 72.6 compared with 72.7 at the opening and 72.5 on Thursday.

Sterling finished around the middle of the day's range in a rather lacklustre pre-weekend trading. Opinion was split on whether the Conservative Party still showed a comfortable lead, there were few speculators in the market willing to be complacent. The pound closed at \$1.6310 from \$1.6240 and DM1.8575 compared with DM1.8525. Against the yen it rose slightly to ¥234.50 from ¥234.25. Elsewhere it finished at Sfr 2.4325 from Sfr 2.4475 and FF 9.8425 from FF 9.8377.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7890. May average 1.7887. Exchange rate index 146.9 against 145.2 six months ago. The dollar was fixed at DM1.8114 at yesterday's fixing in

Frankfurt compared with DM1.8163 on Thursday and there was no intervention by the Bundesbank.

Trading volume was low ahead of the long weekend and the Venice summit starting on Monday. Consequently what activity there was centred on position squaring, mainly because there was no clear consensus over what the outcome of the summit would be. Amid all the uncertainty one factor remained clear and that was the bearish influence on the dollar caused by the twin budget and trade deficits. US unemployment figures at an unchanged 6.3 per cent, had no effect on trading.

NIGERIAN NAIRA—The dollar rose to 4.3201 against the naira at this week's fixing in Lagos, compared with 4.150 at the last fixing held three weeks ago. This was its lowest level since September last year since when it has depreciated by 65 per cent. The naira's fall reflected a strong demand for the \$100m on offer.

## IN NEW YORK

June 5	Latest	Previous
5 Sept	1.6355-1.6365	1.6275-1.6285
2 month	0.24-0.25	0.24-0.25
3 month	0.24-0.25	0.24-0.25
12 month	1.45-1.55	1.45-1.55

Forward premiums and discounts apply to the U.S. dollar.

## STERLING INDEX

June 5	Latest	Previous
8.30 am	72.7	72.5
9.00 am	72.7	72.5
10.00 am	72.7	72.5
11.00 am	72.7	72.5
12.00 pm	72.7	72.5
1.00 pm	72.7	72.5
2.00 pm	72.7	72.5
3.00 pm	72.7	72.5
4.00 pm	72.7	72.5

6/5 SDR rate for June 4: 1.72645

## CURRENCY RATES

June 5	Rate	Special	European
Sterling	72.6	0.79006	0.701053
U.S. Dollar	1.6355	1.6275	1.6285
Canadian \$	1.30	1.29	1.28
Australian \$	1.50	1.49	1.48
Swiss Sfr	2.4325	2.4475	2.4485
French FF	9.8425	9.8377	9.8387
German DM	1.8135	1.8135	1.8135
Japanese Yen	234.50	234.25	234.25
Italian Lira	1936.00	1936.00	1936.00
Spanish Ptas	166.64	166.64	166.64
Portuguese Esc	200.48	200.48	200.48
Belgian Franc	36.36	36.36	36.36
Dutch Guilder	1.81	1.81	1.81
Scandinavian Krona	136.46	136.46	136.46
Greek Drachm	340.75	340.75	340.75
Yen	234.50	234.25	234.25

6/5 SDR rate for June 4: 1.72645

## CURRENCY MOVEMENTS

June 5	Bank of England	Morgan Guaranty
Sterling	72.6	72.6
U.S. Dollar	1.6355	1.6275
Australian Dollar	1.50	1.49
U.S. Dollar	1.6355	1.6275
Canadian Dollar	1.30	1.29
Australian Dollar	1.50	1.49
Swiss Sfr	2.4325	2.4475
French FF	9.8425	9.8377
German DM	1.8135	1.8135
Japanese Yen	234.50	234.25
Italian Lira	1936.00	1936.00
Spanish Ptas	166.64	166.64
Portuguese Esc	200.48	200.48
Belgian Franc	36.36	36.36
Dutch Guilder	1.81	1.81
Scandinavian Krona	136.46	136.46
Greek Drachm	340.75	340.75
Yen	234.50	234.25

Morgan Guaranty changes: average 1980-1982-1986. Bank of England index (base average 1978-1980).

## OTHER CURRENCIES

June 5	Rate	Special	European
Argentine	2.2555-2.2670	1.6290-1.6350	
Australian	2.2775-2.2825	1.3990-1.3990	
Brazil	2.7100-2.7150	1.3990-1.3990	
Canadian	1.2975-1.3000	1.4010-1.4050	
French	9.8425-9.8475	1.3915-1.3945	
German	1.8135-1.8165	1.3915-1.3945	
Japanese	234.50-234.75	1.3915-1.3945	
Italian	1.9305-1.9335	1.3915-1.3945	
Spanish	1.6664-1.6694	1.3915-1.3945	
Portuguese	2.0048-2.0078	1.3915-1.3945	
Belgian	36.36-36.66	1.3915-1.3945	
Dutch	1.81-1.84	1.3915-1.3945	
Scandinavian	136.46-136.76	1.3915-1.3945	
Greek	340.75-341.05	1.3915-1.3945	
Yen	234.50-234.75	1.3915-1.3945	

\*Setting rate

## MONEY MARKETS

## UK rates mostly steady

THERE was little incentive to move rates outside their recent trading range in the London money market yesterday. Attention remained centred on the outcome of the general election and also to some extent the effect on sterling of the Venice summit.

UK clearing bank base lending rate 9 per cent since May 3

Three-month interbank money was quoted at 8 1/2-9 1/2 per cent, unchanged from Thursday. Weekend interbank money started at 9 per cent and moved up to a high of 10 per cent before slipping away to 8 per cent.

Sterling remained steady in currency markets and this left traders disinclined to take out fresh positions ahead of the weekend and the summit in Venice.

The Bank of England forecast a shortage of around £200m in the morning of £230m. These were partly offset by Exchequer transactions which added £300m and banks' balances brought forward £10m above target.

The forecast was later revised to a shortage of around £700m and the Bank gave assistance in the morning of £150m through outright sales of £30m of local authority bills and £20m of eligible bank bills in hand 1 at 8 1/2 per cent and £70m of eligible bank bills in hand 2 also at 8 1/2 per cent.

Further help was given in the morning of £230m. These were partly offset by Exchequer transactions which added £300m and banks' balances brought forward £10m above target.

£40m, making a total of £560m. The average rate of discount fell to 8.850 per cent from 8.847 per cent at yesterday's Treasury bill tender and the £400m of bills on offer attracted bids of £1,525m compared with £1,244m for a similar amount the previous week. The minimum accepted bid was 8.975 per cent against 8.975 and bids at that level were met and above in

FT LONDON INTERBANK FIXING

June 5	Overnight	One Month	Three Months	Six Months	London Interbank
Frankfurt	3.25-3.45	3.60-3.70	3.65-3.75	3.65-3.75	5.0
Paris	7.1-7.3	8.4-8.6	8.4-8.6	8.4-8.6	7.0
Zurich	5.8-6.0	6.4-6.6	6.4-6.6	6.4-6.6	6.0
Amsterdam	5.8-6.0	6.4-6.6	6.4-6.6	6.4-6.6	6.0
Tokyo	2.21-2.25	2.71-2.75	2.71-2.75	2.71-2.75	6.0
Hong Kong	10.1-10.3	10.1-10.3	10.1-10.3	10.1-10.3	6.0
Singapore	5.8-6.0	6.4-6.6	6.4-6.6	6.4-6.6	6.0
Dubai	10.1-10.3	10.1-10.3	10.1-10.3	10.1-10.3	6.0

The fixing rates are the arithmetic means, rounded to the nearest one-hundredth, of the bid and offer rates for \$100m quoted by the market in the reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Paribas, Societe Generale and Paribas.

June 5

June 5	Overnight	One Month	Three Months	Six Months	One Year
Interbank	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2
Sterling	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2
Local Authority Deposits	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2
Local Authority Loans	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2
Discount Market Deposits	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2
Company Deposits	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2
Finance House Deposits	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2
Treasury Bills (May)	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2
Bank Bills (May)	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2
Bank Bills (June)	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2
Dollar Bills	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2
SDR Linked Deposits	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2
ECU Linked Deposits	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2	8 1/2-9 1/2

Treasury Bills (May): one-month 8 1/2 per cent; three-months 8 1/2 per cent; Bank Bills (May): one-month 8 1/2 per cent; three-months 8 1/2 per cent; Treasury Bills (June): one-month 8 1/2 per cent; three-months 8 1/2 per cent; Bank Bills (June): one-month 8 1/2 per cent; three-months 8 1/2 per cent; Treasury Bills (July): one-month 8 1/2 per cent; three-months 8 1/2 per cent; Bank Bills (July): one-month 8 1/2 per cent; three-months 8 1/2 per cent.

## LONDON STOCK EXCHANGE

## Markets rally in subdued turnover

Account Dealing Dates  
Option  
First Declared Last Account  
Dealing Dates Dealing Day

May 11 May 28 May 29 Jun 5  
Jun 1 Jun 11 Jun 12 Jun 22  
Jun 15 Jun 25 Jun 26 Jun 6

New time dealings may take place from 9.00 am on two business days earlier.

London's equity market bounced higher at the opening yesterday, after the latest UK opinion poll confounded the City rumourmongers by confirming that the Thatcher Government has retained its strong lead in public favour. But interest soon died down and gains were trimmed.

The FT-SE index, opened 20 points up, but the market peak came at about 8.45 am, just before the index calculation commenced. By the close, the FT-SE 100 showed a net rise of only 14.6 points to 2226.8, with the FT Ordinary index 5.3 higher at 1729.9.

There were some red faces in the City when the Marplan poll gave the Government a 10 per cent lead, contrasting with the rumour of a lead of only 2 points, which had caused the shakeout on Thursday. The traders were subdued yesterday morning, with some whispering that "a leading firm" had been identified and censured as the source of the rumour.

Five new polls are expected in the coming week, but the rumourmongers kept their heads down yesterday after the Stock Exchange Council had warned against poll leaks.

Interest was thinning out as investors braced themselves for next Thursday's Polling Day in the UK. Some traders in American Depository Receipts (ADRs) intend to wind down operations until after Election Day, because of difficulty in buying US shares in sufficient size to meet ADR bargains.

Bank shares continued to recover from the shock surrounding this week's statement on Brazil's external loans. Barclays, a good feature, as substantial lines of stock were taken to fuel the market in the US.

The main feature on the industrial sector was Imperial Chemical Industries' purchase of Stupp Chemicals from Unilever. London dealers ran into US sellers of Imperial Chemical at the close.

After the election stocks, British Gas made one cautious recovery from the setback of the previous session. British Telecom however, turned firmer.

Although foreign interest was restrained, Glaxo stood out again with a rise well above the market average. Fisons edged higher in brisk turnover (1.9m shares), spurred on by a strong recommendation from Nomura Securities, which led the Japanese rush into the stock.

The major clearing banks passed a calmer session as recent

							1987		Since Commencement	
	June 5	June 4	June 3	June 2	June 1	Year ago	High	Low	High	Low
Government Secs	92.15	91.81	92.26	92.47	92.49	91.92	93.32	84.49	127.4	49.18
Fixed Interest	98.01	98.25	98.21	98.33	97.99	97.02	98.54	92.25	105.4	50.53
Ordinary	1729.9	1724.6	1739.5	1724.3	1730.7	1736.9	1739.4	1320.2	1739.4	49.4
Gold Mines	398.3	389.0	389.7	388.2	378.4	213.3	485.0	288.2	734.7	43.5
Div. Yld.	3.29	3.30	3.28	3.30	3.30	4.15	3.29	288.2	734.7	43.5
Earnings Yld. (100)	7.92	7.95	7.91	7.93	7.97	10.26	7.92	288.2	734.7	43.5
P/E Ratio (med)	15.57	15.52	15.59	15.45	15.43	11.93	15.57	288.2	734.7	43.5
SEAG Bargains (5 pm)	39.72	44.836	41.645	47.464	49.400	—	39.72	288.2	734.7	43.5
Equity Turnover (5pm)	—	1379.01	1440.92	1757.66	1914.04	482.72	—	288.2	734.7	43.5
Equity Bargains	—	52.378	32.755	59.291	56.406	22.376	—	288.2	734.7	43.5
Shares Traded (mil)	—	—	618.7	719.0	599.2	229.0	—	288.2	734.7	43.5
S.E. ACTIVITY										
	Indices						June 4	June 3	June 2	June 1
Gift Ender Bargains	—						151.3	12.4	—	—
Equity Bargains	—						339.4	21.9	—	—
Equity Value	—						2787.3	278.7	—	—
Div. Average	—						337.6	33.7	—	—
Gift Ender Bargains	—						136.1	13.6	—	—
Equity Bargains	—						337.6	33.7	—	—
Equity Value	—						337.4	33.7	—	—
♥ Opening 1737.8 10 a.m. 1731.4 11 a.m. 1732.1 Noon 1730.3 1 p.m. 1730.0 2 p.m. 1729.7 5 p.m. 1727.3 4 p.m. 1727.3										
Day's High 1737.8 Day's Low 1725.5 Basis 100 Gort. Secs 150/126, Fixed Int. 128, Ordinary 1774, Gold Mines 1. SE ACTIVITY 1974, *Nil=15.26.										
LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026										

Opening 1737.8 10 a.m. 1731.4 11 a.m. 1732.1 Noon 1730.3 1 p.m. 1730.0 2 p.m. 1729.7 3 p.m. 1727.3 4 p.m. 1726.9

Day's High 1737.8 Day's Low 1725.5 Bank 100 Govt. Secs 1510/26, Fixed Int. 1928, Ordinary 171/35, Gold Mines 12/955, SEAG Bargains 147/9, Equity Bargains 384/2, Equity Value 3,552/7, 5-day Average: Gift Edged 137/3, Equity Bargains 351/4, Equity Value 1,175/2

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

SEAG Bargains for June 2nd: Gift Edged Bargains 147/9; Equity Bargains 384/2; Equity Value 3,552/7, 5-day Average: Gift Edged 137/3, Equity Bargains 351/4, Equity Value 1,175/2

Government bonds opened 1/2 point up as the poll rumours proved mistaken, and made further progress as the benchmark US bond price advanced. By the close, long-dated British bonds were 3/4 up, but cautious ahead of the weekend polls.

UK bond traders will arrive to keep their books balanced at the beginning of next week, and expect the market to quieten down on Wednesday and Thursday.

Trading in Chinese bonds was suspended ahead of news that agreement had been reached on outstanding debt claims. China will make available 23.8m in two instalments and the UK authorities will similarly pay \$3.8m to China. The balance will be distributed among private British claimants including holders of Chinese bonds before yesterday's suspension of business.

News of the acquisition of Stauffer Chemical in the US by ICI from Unilever made little impact on the former's share price, although analysts from both Warburg Securities and De Zoete considered the deal excellent for ICI. ICI Broadhurst from Warburg and Howard Coates of De Zoete considered that the acquisition meant only a slight dilution of earnings for ICI, which has also moved into its sought-after position in the US agrochemicals market—ICI has already had approaches from potential buyers of the Stauffer business it wants to sell off.

ICI eased its on short-term profit-taking to close at 14 1/4 but Unilever drew strength from the announcement to close a point higher at 21 1/2. The major clearing banks passed a calmer session as recent

confusion relating to Brazil's interest repayment proposals faded into the background; talks regarding a new financial package for the country are expected to begin next month. Trade was much reduced and prices fluctuated narrowly. Barclays edged up 11 to 545p. TSB picked up 3 1/2 to 294p following reports of sizeable US buying interest.

Packaging equipment manufacturer, Barry Wehmler staged a successful market debut; the shares, offered at 135p, opened at 130p prior to closing at 187p.

The continued absence of analysts and advisors, many of whom are enjoying the hospitality of Allied-Lyons and will return today, again placed a damper on activity in the brewery sector. Whitbread "A" managed to batten to 340p, but Guinness, 364p, and Allied-Lyons, 320p, closed unchanged on the previous day's levels.

Leading Buildings finished the first leg of the Election Account in subdued fashion. Blue Circle attracted speculative buying interest at 450p, up 7, but the sector's major feature was RMC which rose 25 to 985p following the chairman's confident statement at the annual meeting. Rugby Portland Cement were 4 better at 238 1/2p, while BTR Industries, results due soon, picked up 14 at 810p. Marley were in demand at 170p, up 5 1/2, and Tarmac hardened 10 to 579p. Elsewhere, McLaughlin and Harvey advanced 3 1/2 to 235p in a restricted market, while speculative favourite Stanley Miller gained 15 to 130p.

Little excitement was generated in Stores. Ward White, however, made fresh headway to close 8p up at 41 1/2p as buyers remained encouraged by the proposed expansion of the group's Payless

and Halfords retail chains. Dixons rallied 10 to 386p, while Marks and Spencer hardened 5 1/2 to 232p. Coats Vycella, on the other hand, encountered occasional offerings to close 5 cheaper at 64 1/2p. Pentos closed another 7 up at 134 1/2p, a two-day rise of 11 following a recommendation from Morgan Grenfell Securities.

British Telecom returned to favour, gaining 8 1/2 to 323p, and Cable & Wireless was a better market too at 403p, up 10. Other market time, elsewhere, Arlen dashed ahead 12 to 154p on the acquisition and open offer to shareholders at 150p per share, but South Diffusion slipped 11 to 64p following deferment of the annual results because of computer program anomalies. Micro Focus rebounded 11 to 198p and Warrapex 7 to 130p, while INSTEX were marked up



## LONDON STOCK EXCHANGE

Peachey Property Corp PLC 6% 1st Mtg Deb Sbk 53/88 - 12967  
 9.5% 1st Mtg Deb Sbk 2015(25Pd-7)967 - 12967 % 12967  
 Peel Holdings PLC 10% Cum Prt 50p - 836  
 5.25% 1st Genr Cum Non-Vlg Prt E1 - 1896  
 9% 1st Mtg Deb Sbk 2011 - 1296 % 12967  
 New9% 1st Mtg Deb Sbk 2011(25Pd-12)967 - 12967 % 40 % 40 %  
 Property Security Hts Trust PLC 8% Cum Prt E1 - 100 (1)967  
 Regis Property Hldgs PLC 8% Gld Ums Ln Sbk 1997 - 287  
 Rosehaugh Graycroft Estates PLC 11% 1st

Sh & Tompkins Group PLC 7.5% Cmv Cum  
2nd P'd 97 = 137.8 (2.1087)

**trusts**

Trust Properties PLC 11% 1st Mgt Deb Sep  
2016 = £112k (£2m87)

British Metropolitan Property PLC 10%  
1st Mgt Deb Sep 2016 = £100k + 4%

Westminster Property Trust PLC 7% Cum Pri  
17 - 48 (£2m87)

Cum Gm Pri E1 - 2009 50

de Estates PLC  
= £120 (£2m87)

Central Securities PLC 10% 1st Mgt  
Deb Sep 2021 = £101k (£2m87)

Ply City Unit Ln Sep 2009 = £173k sep  
Ply City Unit Ln Sep 2009 = 1st Mgt Deb  
Sep 2009 = £23 (£2m87)

Suez City of London Properties PLC Ord  
Sep = £10 1 2 2 3

**entitations**

of bargains included 40

Eastern Promotions PLC Warrants  
to Sub to Ord = 13 P (£2m87)

Hedges PLC Deb = 48 (£2m87)

1 1/2% Cum Red Prf (\$1 = 108

**Railways** No. of bargains included?

Median Price/Land Ref. L100/L150/L175/L190/L210/L230/L250/L275/L300/L325/L350/L375/L400/L425/L450/L475/L500/L525/L550/L575/L600/L625/L650/L675/L700/L725/L750/L775/L800/L825/L850/L875/L900/L925/L950/L975/L1000/L1025/L1050/L1075/L1100/L1125/L1150/L1175/L1200/L1225/L1250/L1275/L1300/L1325/L1350/L1375/L1400/L1425/L1450/L1475/L1500/L1525/L1550/L1575/L1600/L1625/L1650/L1675/L1700/L1725/L1750/L1775/L1800/L1825/L1850/L1875/L1900/L1925/L1950/L1975/L2000/L2025/L2050/L2075/L2100/L2125/L2150/L2175/L2200/L2225/L2250/L2275/L2300/L2325/L2350/L2375/L2400/L2425/L2450/L2475/L2500/L2525/L2550/L2575/L2600/L2625/L2650/L2675/L2700/L2725/L2750/L2775/L2800/L2825/L2850/L2875/L2900/L2925/L2950/L2975/L3000/L3025/L3050/L3075/L3100/L3125/L3150/L3175/L3200/L3225/L3250/L3275/L3300/L3325/L3350/L3375/L3400/L3425/L3450/L3475/L3500/L3525/L3550/L3575/L3600/L3625/L3650/L3675/L3700/L3725/L3750/L3775/L3800/L3825/L3850/L3875/L3900/L3925/L3950/L3975/L4000/L4025/L4050/L4075/L4100/L4125/L4150/L4175/L4200/L4225/L4250/L4275/L4300/L4325/L4350/L4375/L4400/L4425/L4450/L4475/L4500/L4525/L4550/L4575/L4600/L4625/L4650/L4675/L4700/L4725/L4750/L4775/L4800/L4825/L4850/L4875/L4900/L4925/L4950/L4975/L5000/L5025/L5050/L5075/L5100/L5125/L5150/L5175/L5200/L5225/L5250/L5275/L5300/L5325/L5350/L5375/L5400/L5425/L5450/L5475/L5500/L5525/L5550/L5575/L5600/L5625/L5650/L5675/L5700/L5725/L5750/L5775/L5800/L5825/L5850/L5875/L5900/L5925/L5950/L5975/L6000/L6025/L6050/L6075/L6100/L6125/L6150/L6175/L6200/L6225/L6250/L6275/L6300/L6325/L6350/L6375/L6400/L6425/L6450/L6475/L6500/L6525/L6550/L6575/L6600/L6625/L6650/L6675/L6700/L6725/L6750/L6775/L6800/L6825/L6850/L6875/L6900/L6925/L6950/L6975/L7000/L7025/L7050/L7075/L7100/L7125/L7150/L7175/L7200/L7225/L7250/L7275/L7300/L7325/L7350/L7375/L7400/L7425/L7450/L7475/L7500/L7525/L7550/L7575/L7600/L7625/L7650/L7675/L7700/L7725/L7750/L7775/L7800/L7825/L7850/L7875/L7900/L7925/L7950/L7975/L8000/L8025/L8050/L8075/L8100/L8125/L8150/L8175/L8200/L8225/L8250/L8275/L8300/L8325/L8350/L8375/L8400/L8425/L8450/L8475/L8500/L8525/L8550/L8575/L8600/L8625/L8650/L8675/L8700/L8725/L8750/L8775/L8800/L8825/L8850/L8875/L8900/L8925/L8950/L8975/L9000/L9025/L9050/L9075/L9100/L9125/L9150/L9175/L9200/L9225/L9250/L9275/L9300/L9325/L9350/L9375/L9400/L9425/L9450/L9475/L9500/L9525/L9550/L9575/L9600/L9625/L9650/L9675/L9700/L9725/L9750/L9775/L9800/L9825/L9850/L9875/L9900/L9925/L9950/L9975/L10000/L10025/L10050/L10075/L10100/L10125/L10150/L10175/L10200/L10225/L10250/L10275/L10300/L10325/L10350/L10375/L10400/L10425/L10450/L10475/L10500/L10525/L10550/L10575/L10600/L10625/L10650/L10675/L10700/L10725/L10750/L10775/L10800/L10825/L10850/L10875/L10900/L10925/L10950/L10975/L11000/L11025/L11050/L11075/L11100/L11125/L11150/L11175/L11200/L11225/L11250/L11275/L11300/L11325/L11350/L11375/L11400/L11425/L11450/L11475/L11500/L11525/L11550/L11575/L11600/L11625/L11650/L11675/L11700/L11725/L11750/L11775/L11800/L11825/L11850/L11875/L11900/L11925/L11950/L11975/L12000/L12025/L12050/L12075/L12100/L12125/L12150/L12175/L12200/L12225/L12250/L12275/L12300/L12325/L12350/L12375/L12400/L12425/L12450/L12475/L12500/L12525/L12550/L12575/L12600/L12625/L12650/L12675/L12700/L12725/L12750/L12775/L12800/L12825/L12850/L12875/L12900/L12925/L12950/L12975/L13000/L13025/L13050/L13075/L13100/L13125/L13150/L13175/L13200/L13225/L13250/L13275/L13300/L13325/L13350/L13375/L13400/L13425/L13450/L13475/L13500/L13525/L13550/L13575/L13600/L13625/L13650/L13675/L13700/L13725/L13750/L13775/L13800/L13825/L13850/L13875/L13900/L13925/L13950/L13975/L14000/L14025/L14050/L14075/L14100/L14125/L14150/L14175/L14200/L14225/L14250/L14275/L14300/L14325/L14350/L14375/L14400/L14425/L14450/L14475/L14500/L14525/L14550/L14575/L14600/L14625/L14650/L14675/L14700/L14725/L14750/L14775/L14800/L14825/L14850/L14875/L14900/L14925/L14950/L14975/L15000/L15025/L15050/L15075/L15100/L15125/L15150/L15175/L15200/L15225/L15250/L15275/L15300/L15325/L15350/L15375/L15400/L15425/L15450/L15475/L15500/L15525/L15550/L15575/L15600/L15625/L15650/L15675/L15700/L15725/L15750/L15775/L15800/L15825/L15850/L15875/L15900/L15925/L15950/L15975/L16000/L16025/L16050/L16075/L16100/L16125/L16150/L16175/L16200/L16225/L16250/L16275/L16300/L16325/L16350/L16375/L16400/L16425/L16450/L16475/L16500/L16525/L16550/L16575/L16600/L16625/L16650/L16675/L16700/L16725/L16750/L16775/L16800/L16825/L16850/L16875/L16900/L16925/L16950/L16975/L17000/L17025/L17050/L17075/L17100/L17125/L17150/L17175/L17200/L17225/L17250/L17275/L17300/L17325/L17350/L17375/L17400/L17425/L17450/L17475/L17500/L17525/L17550/L17575/L17600/L17625/L17650/L17675/L17700/L17725/L17750/L17775/L17800/L17825/L17850/L17875/L17900/L17925/L17950/L17975/L18000/L18025/L18050/L18075/L18100/L18125/L18150/L18175/L18200/L18225/L18250/L18275/L18300/L18325/L18350/L18375/L18400/L18425/L18450/L18475/L18500/L18525/L18550/L18575/L18600/L18625/L18650/L18675/L18700/L18725/L18750/L18775/L18800/L18825/L1

**Shipping** No. of bargains included 169

to purchase Dfd Stk - 230  
Hampton, IOW & SOE RM Steam Pktd LD  
500 lb - 87

Inbull Scott Holdings PLC Non V. A\*Ord E1  
420 (29My87)

**Utilities** No. of bargains included 219  
 London Transport PLC Dtd 160p - 680  
 (Feb 87)  
 Royal Channel Ship Repairs PLC Ord 10p

cutta Elect Supply Corp (India) Ltd 74%  
um Pri Ru10 - 25 (3Ja87)

[illegible]

**Water Works**  
of bargains included 13

[illegible]

Worcestershire Waterworks Co  
£48

[illegible]

-Surrey Water Co 4.9% (Fmly 7%)  
-Suffolk & Essex Water Co 6.0% (Fmly 8%)

[illegible]

Red Deb Sta 85/87 - E112% 3%

**M** Appendix  
of bargains included 2185  
Mechanics International PLC Ord 10p - 32  
Cny Uns Lin Stk 1991 - £130 (29May87)

ord Group PLG Dnd 25p - 302 5 8 7 8 10

nchdige Insurance Laboratories Inc New York  
 Sml Stk \$0.01 (Fp/LA-12/6/87) - 83  
 Non Street Investments PLC 17.7% Crw  
 Inv Red Pft \$4/88 = 214% X 15 2.15 18  
 Jea87  
 nographic PLC Ord 10p = 172  
 (M/87) M/87  
 ngs Inc New York Sml Stk \$0.01 C5.0% Crw  
 Sml Pft 20/85 E1 = 100 (23/87)  
 nham PLC Ord 50p = 850 (2/86/87)  
 norgan & Co PLC New Ord 5p  
 Pft/LA-17/7/87) - 80  
 ngs Holdings PLC 1214% Crw Lns Lst Slt  
 NYD = 1120 3 5  
 n House PLC 5.5% Crw Curn Red Pft  
 120  
 nbrook Group PLC 12% Crw Lns Lst Slt  
 997 - £105 (2/87)  
 n PLC Ord 5p = 178

Flooring & Furnishings PLC New Ord 10p  
p/LA-19/8/87) - 84 7  
on Lyons Group PLC 7% Cum Div Red

New PLC Ord 25p - 210  
 Thread Print Group PLC 7% Cwn Cam  
 Id Prt £1 - 155 (2J687)  
 (Lawrence) & Co PLC Ord 25p - 198  
 (J687)  
 Morris Brewery PLC Ord 25p - 520 3  
 (J687)  
 Fry Group PLC Ord 5p - 104  
 Fry PLC Ord 10p - 240 2 50  
 Fry Group PLC Ord 5p - 123  
 Fry Computer PLC 7.5% Cwn Cam Rad  
 94/98 Ir £1 - 290 (2J687)  
 Field Group PLC 7% Cwn Chv Rad Prt £1  
 300  
 Petroleum PLC "B" Ord 5p - 50 82¢  
 Group PLC Ord 10p - 103 6 5 7 8

Appointments (Hidos) PLC Org 5n =

Continued on page 16



## WORLD MARKETS

## FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs &amp; Co., and Wood Mackenzie &amp; Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JUNE 4 1987					WEDNESDAY JUNE 3 1987					DOLLAR INDEX				
	Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Day's Change	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year Ago	1987 High	1987 Low
Australia (94)	132.81	-0.7	121.24	82.61	3.16	133.76	120.66	124.06	140.95	99.92	99.82	99.82	99.82	99.82	99.82
Austria (16)	107.37	-0.3	79.95	82.61	3.16	133.76	120.66	124.06	140.95	99.92	99.82	99.82	99.82	99.82	99.82
Belgium (47)	114.41	-0.3	104.45	106.51	4.50	114.45	103.24	105.96	123.62	96.19	77.37	77.37	77.37	77.37	77.37
Canada (129)	126.70	-0.8	115.66	123.03	2.42	126.70	113.37	122.22	136.17	100.00	98.87	98.87	98.87	98.87	98.87
Denmark (39)	117.67	-0.1	107.43	109.47	2.63	117.67	106.24	109.00	124.20	98.28	98.73	98.73	98.73	98.73	98.73
France (122)	109.53	-0.1	91.84	104.42	2.49	109.53	101.64	103.92	121.81	98.29	77.38	77.38	77.38	77.38	77.38
Germany (90)	115.19	-0.4	83.15	86.11	2.17	115.19	91.42	82.47	85.89	100.33	84.00	84.00	84.00	84.00	84.00
Hong Kong (45)	105.31	-0.4	105.16	115.45	2.92	105.31	102.43	113.79	115.19	96.89	97.97	97.97	97.97	97.97	97.97
Ireland (14)	127.24	+0.0	116.15	121.75	3.40	127.24	114.75	120.90	131.86	99.50	82.78	82.78	82.78	82.78	82.78
Italy (76)	104.80	-0.4	98.00	96.96	1.87	104.80	99.15	96.95	96.95	76.00	76.00	76.00	76.00	76.00	76.00
Japan (450)	154.81	+0.5	141.32	141.15	4.07	154.81	138.99	139.08	161.28	100.00	76.21	76.21	76.21	76.21	76.21
Malaysia (36)	172.35	+0.2	157.53	166.09	2.79	172.35	155.38	165.51	172.55	96.24	76.33	76.33	76.33	76.33	76.33
Mexico (14)	202.32	+1.5	184.70	203.48	2.88	202.32	179.94	278.90	202.32	97.72	49.45	49.45	49.45	49.45	49.45
Netherlands (38)	115.73	+0.2	105.65	108.26	1.32	115.73	104.24	107.38	120.14	99.65	69.05	69.05	69.05	69.05	69.05
New Zealand (27)	125.84	+0.3	85.40	86.13	3.12	125.84	84.15	85.45	100.59	97.97	76.21	76.21	76.21	76.21	76.21
Norway (24)	139.97	+1.4	127.78	127.81	1.98	139.97	138.06	124.54	125.46	100.00	98.45	98.45	98.45	98.45	98.45
Singapore (27)	142.90	+0.6	130.46	139.31	1.74	142.90	141.99	128.06	138.39	142.90	99.29	70.86	70.86	70.86	70.86
South Africa (61)	153.90	-2.6	140.50	117.04	3.53	153.90	157.97	142.50	117.08	184.70	79.30	79.30	79.30	79.30	79.30
Spain (43)	113.60	-1.4	103.70	108.95	1.07	113.60	103.91	109.91	121.31	100.00	83.29	83.29	83.29	83.29	83.29
Sweden (53)	112.18	+0.2	102.59	105.37	2.20	112.18	101.15	104.74	124.48	90.85	88.89	88.89	88.89	88.89	88.89
Switzerland (51)	93.12	+0.5	85.01	86.97	2.90	93.12	85.57	85.77	104.06	92.53	83.29	83.29	83.29	83.29	83.29
United Kingdom (337)	143.37	-2.1	130.88	130.88	2.25	143.37	132.04	132.04	148.66	99.65	97.03	97.03	97.03	97.03	97.03
USA (596)	120.78	-0.1	116.06	120.78	3.99	120.78	120.13	120.13	124.06	100.00	102.64	102.64	102.64	102.64	102.64
Europe (930)	117.54	-1.1	107.31	109.70	2.93	117.54	107.20	109.93	121.61	99.78	88.32	88.32	88.32	88.32	88.32
Pacific Basin (657)	125.84	-0.1	125.84	125.84	0.42	125.84	125.84	125.84	125.84	100.00	76.46	76.46	76.46	76.46	76.46
Asia (1617)	125.84	-0.1	125.84	125.84	0.42	125.84	125.84	125.84	125.84	100.00	76.46	76.46	76.46	76.46	76.46
North America (725)	125.84	-0.1	125.84	125.84	0.42	125.84	125.84	125.84	125.84	100.00	76.46	76.46	76.46	76.46	76.46
World Ex. US (1821)	125.84	-0.1	125.84	125.84	0.42	125.84	125.84	125.84	125.84	100.00	76.46	76.46	76.46	76.46	76.46
World Ex. US (2356)	125.84	-0.1	125.84	125.84	0.42	125.84	125.84	125.84	125.84	100.00	76.46	76.46	76.46	76.46	76.46
World Ex. Japan (1959)	125.84	-0.1	125.84	125.84	0.42	125.84	125.84	125.84	125.84	100.00	76.46	76.46	76.46	76.46	76.46
The World Index (2417)	131.46	+0.1	120.01	125.14	2.01	131.27	118.42	124.22	134.11	100.00	89.91	89.91	89.91	89.91	89.91

Base values: Dec 31, 1986 = 100. Copyright: The Financial Times, Goldman, Sachs &amp; Co., Wood Mackenzie &amp; Co. Ltd. 1987. Latest prices available for this edition.

## EUROPEAN STOCKS

Series	Aug 87		Nov 87		Feb 88		Stock
	Vol.	Last	Vol.	Last	Vol.	Last	
C	\$440	200	29,500	7	43	—	9454.60
D	\$460	140	18,600	12	33	10	42
E	\$480	39	11,500	8	22	18	26
F	\$500	300	22	30	15,800	—	—
G	\$400	22	1,30	—	—	—	—
H	\$460	101	18,30	—	—	—	—



## 17

est Pa



Managed Currency	100.60	101.62
Property	100.60	101.62
Prepaid Warrants & Gen	101.62	102.65



**FT UNIT TRUST INFORMATION SERVICE**[illegible]

## LONDON SHARE SERVICE

BRITISH FUNDS	1987	High	Low	Stock	Price	÷ of	Yield	to	100	BRITISH FUNDS—Contd	1987	High	Low	Stock	Price	÷ of	Yield	to	100	FOREIGN BONDS & RAILS—Contd	1987	High	Low	Stock	Price	÷ of	Yield	to	100																											
"Shorts" (Lives up to Five Years)										Index-Linked																																														
100	100	99.91	100.00	100.00	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																										
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																									
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																								
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																							
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88	131.1	1254	1254	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100	100	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00																						
99.91	99.91	99.91	99.91	99.91	9.99	8.88																																																		

**Money Market  
Bank Account**[illegible]



## LONDON SHARE SERVICE

## AMERICANS—Continued

1987	Low	High	Stock	Price	Chg	Vol	YTD	P/E
100	100	100	100	100	0	100	100	100
101	101	101	101	101	0	101	101	101
102	102	102	102	102	0	102	102	102
103	103	103	103	103	0	103	103	103
104	104	104	104	104	0	104	104	104
105	105	105	105	105	0	105	105	105
106	106	106	106	106	0	106	106	106
107	107	107	107	107	0	107	107	107
108	108	108	108	108	0	108	108	108
109	109	109	109	109	0	109	109	109
110	110	110	110	110	0	110	110	110

## CANADIANS

1987	Low	High	Stock	Price	Chg	Vol	YTD	P/E
111	111	111	111	111	0	111	111	111
112	112	112	112	112	0	112	112	112
113	113	113	113	113	0	113	113	113
114	114	114	114	114	0	114	114	114
115	115	115	115	115	0	115	115	115
116	116	116	116	116	0	116	116	116
117	117	117	117	117	0	117	117	117
118	118	118	118	118	0	118	118	118
119	119	119	119	119	0	119	119	119
120	120	120	120	120	0	120	120	120

## BANKS

1987	Low	High	Stock	Price	Chg	Vol	YTD	P/E
121	121	121	121	121	0	121	121	121
122	122	122	122	122	0	122	122	122
123	123	123	123	123	0	123	123	123
124	124	124	124	124	0	124	124	124
125	125	125	125	125	0	125	125	125
126	126	126	126	126	0	126	126	126
127	127	127	127	127	0	127	127	127
128	128	128	128	128	0	128	128	128
129	129	129	129	129	0	129	129	129
130	130	130	130	130	0	130	130	130

## BEERS

1987	Low	High	Stock	Price	Chg	Vol	YTD	P/E
131	131	131	131	131	0	131	131	131
132	132	132	132	132	0	132	132	132
133	133	133	133	133	0	133	133	133
134	134	134	134	134	0	134	134	134
135	135	135	135	135	0	135	135	135
136	136	136	136	136	0	136	136	136
137	137	137	137	137	0	137	137	137
138	138	138	138	138	0	138	138	138
139	139	139	139	139	0	139	139	139
140	140	140	140	140	0	140	140	140

## BUILDING

1987	Low	High	Stock	Price	Chg	Vol	YTD	P/E
141	141	141	141	141	0	141	141	141
142	142	142	142	142	0	142	142	142
143	143	143	143	143	0	143	143	143
144	144	144	144	144	0	144	144	144
145	145	145	145	145	0	145	145	145
146	146	146	146	146	0	146	146	146
147	147	147	147	147	0	147	147	147
148	148	148	148	148	0	148	148	148
149	149	149	149	149	0	149	149	149
150	150	150	150	150	0	150	150	150

## TIMBER

1987	Low	High	Stock	Price	Chg	Vol	YTD	P/E
151	151	151	151	151	0	151	151	151
152	152	152	152	152	0	152	152	152
153	153	153	153	153	0	153	153	153
154	154	154	154	154	0	154	154	154
155	155	155	155	155	0	155	155	155
156	156	156	156	156	0	156	156	156
157	157	157	157	157	0	157	157	157
158	158	158	158	158	0	158	158	158
159	159	159	159	159	0	159	159	159
160	160	160	160	160	0	160	160	160

## BUILDING, TIMBER, ROADS—Cont.

1987	Low	High	Stock	Price	Chg	Vol	YTD	P/E
161	161	161	161	161	0	161	161	161
162	162	162	162	162	0	162	162	162
163	163	163	163	163	0	163	163	163
164	164	164	164	164	0	164	164	164
165	165	165	165	165	0	165	165	165
166	166	166	166	166	0	166	166	166
167	167	167	167	167	0	167	167	167
168	168	168	168	168	0	168	168	168
169	169	169	169	169	0	169	169	169
170	170	170	170	170	0	170	170	170

## CHEMICALS, PLASTICS

1987	Low	High	Stock	Price	Chg	Vol	YTD	P/E
171	171	171	171	171	0	171	171	171
172	172	172	172	172	0	172	172	172
173	173	173	173	173	0	173	173	173
174	174	174	174	174	0	174	174	174
175	175	175	175	175	0	175	175	175
176	176	176	176	176	0	176	176	176
177	177	177	177	177	0	177	177	177
178	178	178	178	178	0	178	178	178
179	179	179	179	179	0	179	179	179
180	180	180	180	180	0	180	180	180

## DRAPERY AND STORES—Cont.

1987	Low	High	Stock	Price	Chg	Vol	YTD	P/E
181	181	181	181	181	0	181	181	181
182	182	182	182	182	0	182	182	182
183	183	183	183	183	0	183	183	183
184	184	184	184	184	0	184	184	184
185	185	185	185	185	0	185	185	185
186	186	186	186	186	0	186	186	186
187	187	187	187	187	0	187	187	187
188	188	188	188	188	0	188	188	188
189	189	189	189	189	0	189	189	189
190	190	190	190	190	0	190	190	190

## DRAPERY AND STORES

1987	Low	High	Stock	Price	Chg	Vol	YTD	P/E
191	191	191	191	191	0	191	191	191
192	192	192	192	192	0	192	192	192
193	193	193	193	193	0	193	193	193
194	194	194	194	194	0	194	194	194
195	195	195	195	195	0	195	195	195
196	196	196	196	196	0	196	196	196
197	197	197	197	197	0	197	197	197
198	198	198	198	198	0	198	198	198
199	199	199	199	199	0	199	199	199
200	200	200	200	200	0	200	200	200

## ELECTRICALS

1987	Low	High	Stock	Price	Chg	Vol	YTD	P/E
201	201	201	201	201	0	201	201	201
202	202	202	202	202	0	202	202	202
203	203	203	203	203	0	203	203	203
204	204	204	204	204	0	204	204	204
205	205	205	205	205	0	205	205	205
206	206	206	206	206	0	206	206	206
207	207	207	207	207	0	207	207	207
208	208	208	208	208	0	208	208	208
209	209	209	209	209	0	209	209	209
210	210	210	210	210	0	210	210	210

## ELECTRICALS

1987	Low	High	Stock	Price	Chg	Vol	YTD	P/E
211	211	211	211	211	0	211	211	211
212	212	212	212	212	0	212	212	212
213	213	213	213	213	0	213	213	213
214	214	214	214	214	0	214	214	214
215	215	215	215	215	0	215	215	215
216	216	216	216	216	0	216	216	216
217	217	217	217	217	0	217	217	217
218	218	218	218	218	0	218	218	218
219	219	219	219	219	0	219	219	219
220	220	220	220	220	0	220	220	220

## DRAPERY AND STORES—Cont.

1987	Low	High	Stock	Price	Chg	Vol	YTD	P/E
221	221	221	221	221	0	221	221	221
222	222	222	222	222	0	222	222	222
223	223	223	223	223	0	223	223	223
224	224	224	224	224	0	224	224	224
225	225	225	225	225	0	225	225	225
226	226	226	226	226	0	226	226	226
227	227	227	227	227	0	227	227	227
228	228	228	228	228	0	228	228	228
229	229	229	229	229	0	229	229	229
230	230	230	230	230	0	230	230	230

## ELECTRICALS

172	172	172	172	172	0	172	172	172
173	173	173	173	173	0	173	173	173
174	174	174	174	174	0	174	174	174
175	175	175	175	175	0	175	175	175
176	176	176	176	176	0	176	176	176
177	177	177	177	177	0	177	177	177
178	178	178	178	178	0	178	178	178
179	179	179	179	179	0	179	179	179
180	180	180	180	180	0	180	180	180
181	181	181	181	181	0	181	181	181
182	182	182	182	182	0	182	182	182
183	183	183	183	183	0	183	183	183
184	184	184	184	184	0	184	184	184
185	185	185	185	185	0	185	185	185
186	186	186	186	186	0	186	186	186
187	187	187	187	187	0	187	187	187
188	188	188	188	188	0	188	188	188
189	189	189	189	189	0	189	189	189
190	190	190	190	190	0	190	190	190
191	191	191	191	191	0	191	191	191
192	192	192	192	192	0	192	192	192
193	193	193	193	193	0	193	193	193
194	194	194	194	194	0	194	194	194
195	195	195	195	195	0	195	195	195
196	196	196	196	196	0	196	196	196
197	197	197	197	197	0	197	197	197
198	198	198	198	198	0	198	198	198
199	199	199	199	199	0	199	199	199
200	200	200	200	200	0	200	200	200
201	201	201	201	201	0	201	201	201
202	202	202	202	202	0	202	202	202
203	203	203	203	203	0	203	203	203
204	204	204	204	204	0	204	204	204
205	205	205	205	205	0	205	205	205
206	206	206	206	206	0	206	206	206
207	207	207	207	207	0	207	207	207
208	208	208	208	208	0	208	208	208
209	209	209	209	209	0	209	209	209
210	210	210	210	210	0	210	210	210
211	211	211	211	211	0	211	211	211
212	212	212	212	212	0	212	212	212
213	213	213	213	213	0	213	213	213
214	214	214	214	214	0	214	214	214
215	215	215	215	215	0	215	215	215
216	216	216	216	216	0	216	216	216
217	217	217	217	217	0	217	217	217
218	218	218	218	218	0	218	218	218
219	219	219	219	219	0	219	219	219
220	220	220	220	220	0	220	220	220
221	221	221	221	221	0	221	221	221
222	222	222	222	222	0	222	222	222
223	223	223	223	223	0	223	223	223
224	224	224	224	224	0	224	224	224
225	225	225	225	225	0	225	225	225
226	226	226	226	226	0	226	226	226
227	227	227	227	227	0	227	227	227
228	228	228	228	228	0	228	228	228
229	229	229	229	229	0	229	229	229
230	230	230	230	230	0	230	230	230
231	231	231	231	231	0	231	231	231
232	232	232	232	232	0	232	232	232
233	233	233	233	233	0	233	233	233
234	234	234	234	234	0	234	234	234
235	235	235	235	235	0	235	235	235
236	236	236	236	236	0	236	236	236
237	237	237	237	237	0	237	237	237
238	238	238	238	238	0	238	238	238
239	239	239	239	239	0	239	239	239
240	240	240	240	240	0	240	240	240
241	241	241	241	241	0	241	241	241
242	242	242	242	242	0	242	242	242
243	243	243	243	243	0	243	243	243
244	244	244	244	244	0	244	244	244
245	245	245	245	245	0	245	245	245
246	246	246	246	246	0	246	246	246
247	247	247	247	247	0	247	247	247
248	248	248	248	248	0	248	248	248
249	249	249	249	249	0	249	249	249
250	250	250	250	250	0	250	250	250
251	251	251	251	251	0	251	251	251
252	252	252	252	252	0	252	252	252
253	253	253	253	253	0	253	253	253
254	254	254	254	254	0	254	254	254
255	255	255	255	255	0	255	255	255
256	256	256	256	256	0	256	256	256
257	257	257	257	257	0	257	257	257
258	258	258	258	258	0	258	258	258
259	259	259	259	259	0	259	259	259
260	260	260	260	260	0	260	260	260
261	261	261	261	261	0	261	261	261
262	262	262	262	262	0	262	262	262
263	263	263	263	263	0	263	263	263
264	264	264	264	264	0	264	264	264
265	265	265	265	265	0	265	265	265
266	266	266	266	266	0	266	266	266
267	267	267	267	267	0	267	267	267
268	268	268	268	268	0	268	268	268
269	269	269	269	269	0	269	269	269
270	270	270	270	270	0	270	270	270
271	271	271	271	271	0	271	271	271
272	272	272	272	272	0	272	272	272
273	273	273	273	273	0	273	273	273
274	274	274	274	274	0	274	274	274
275	275	275	275	275	0	275	275	275
276	276	276	276	276	0	276	276	276
277	277	277	277	277	0	277	277	277
278	278	278	278	278	0	278	278	278
279	279	279	279	279	0	279	279	279
280	280	280	280	280	0	280	280	280
281	281	281	281	281	0	281	281	281
282	282	282	282	282	0	282	282	282
283	283	283	283	283	0	283	283	283
284	284	284	284	284	0	284	284	284
285	285	285	285	285	0	285	285	285
286	286	286	286	286	0	286	286	286
287	287	287	287	287	0	287	287	287
288	288	288	288	288	0	288	288	288
289	289	289	289	289	0	289	289	289
290	290	290	290	290	0	290	290	290
291	291	291	291	291	0	291	291	291
292	292	292	292	292	0	292	292	292
293	293	293	293	293	0	293	293	293
294	294	294	294	294	0	294	294	294
295	295	295	295	295	0	295	295	295
296	296	296	296	296	0	296	296	296
297	297	297	297	297	0	297	297	297
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# FINANCIAL TIMES

Saturday June 6 1987

My golden hello has a poison pill.  
They won't let me keep my secretary from... 9

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Peter Riddell forecasts a working Tory majority in the Commons next Thursday

## Conservatives hold lead in final stretch

THE CONSERVATIVES remain the favourites to win a working majority in the Commons next Thursday, but not with the full-hearted endorsement they expected.

Despite the flurry of excitement in the middle of this week, the opinion polls have been remarkably stable for most of the campaign, with Conservative support between 42 and 43 per cent.

After the initial switch from the SDP/Liberal Alliance to Labour, there has been only a slight further Labour advance, to nearly 35 per cent. The Alliance has held at about 20 to 21 per cent for the past 10 days, but has shown no real sign of picking up.

At this stage of the 1983 campaign, the Alliance was clearly rising—at about 23/24 per cent—while Labour had slipped to 30 per cent, and the Tories were at more than 45 per cent. Yet, despite its continued large lead, the Conservative campaign has not gone accord-

ing to plan. What the Tories originally intended as a forward looking campaign of radical ideas has turned into a largely defensive operation on the Government's record and the "don't let Labour rule it" theme.

Instead, Labour has been able to set the agenda, on its favourite issues of jobs, pensions and the health service.

At recent polls show that while the Tories have maintained their big advantage on defence and the economy, the main change has been the considerable improvement in Labour's rating on education, on which the Tories have made their most radical proposals. There has also been little evidence of strong support for the other main radical proposals, on housing.

Tory candidates have been closely questioned over the plan to allow schools to opt out of local authority control following Mrs Thatcher's initially confusing remarks about selection and charging fees. Some

**LATEST OPINION POLLS**

	Cons	Lab	All
Murphy (Today)	43	35	21
Harris rolling survey for TV-am	44	33	21
Campaign start	43	29	28
End week 1	42	33	25
End week 2	43.1	34.2	26.4
End week 3	42.4	34.3	26.3

candidates have been saying they do not expect this idea to be taken up in their areas.

Mr Neil Kinnock and Labour are still regarded by voters as the most impressive campaigners. They have seldom been tested during the campaign and have so far been able to brush aside questions about the status of earlier policy commitments not included in the manifesto and about the detailed implications

of tax and social security proposals.

By contrast, the occasionally faltering character of the Tory campaign has prompted considerable soul-searching in Conservative Central Office, particularly over the work of Saatchi & Saatchi, whose advertisements have been seen as less sharp than Labour's.

Saatchi's role has been the focus for tension between Mr Norman Tebbit, the party chairman, and his aide and Mrs Thatcher and Lord Young, the Employment Secretary, who was put into Central Office by her shortly before the election.

The Alliance campaign has also come in for considerable criticism from its own supporters.

They have argued that it has lacked coherence, direction and passion. There has been little cutting edge, with the radical proposals on constitutional reform in the manifesto and since the start of the campaign.

The Ask-the-Alliance question

and answer sessions and the performance of Mr David Steel, the Liberal leader, have appeared lacklustre on television. There has also been internal criticism of SDP leader Dr David Owen's reluctance to attack Labour during the first week of the campaign.

Tactics have changed in the past week, with sharper attacks, particularly on Labour, and some excitement injected at televised public meetings where Dr Owen has been heckled (the rallies of the Tories and Labour are all-ticket affairs for supporters).

The Alliance also remains hopeful of doing well in several of its target seats and can cite some constituency polls in support.

The national contest is not yet over. Nearly a fifth of the electorate has already changed its view during the campaign, and further shifts could have a big impact on the balance of opposition parties in the next parliament, if not on the identity of the winner.

Election news, Pages 6 and 7

## India offers talks with Sri Lanka

By Robin Paulley, Asia Editor  
INDIA moved swiftly yesterday to try to allay international fears about its rapidly deteriorating relations with Sri Lanka and offered to talk to the Colombo Government next week about ways of solving the dispute.

The conciliatory offer came as Indian diplomats were ordered to try to explain to world leaders that the unauthorised incursion into Sri Lankan air space on Thursday was a humanitarian mission and not an act of aggression. Indian planes under fighter escort parachuted supplies to Tamil in the northern Peninsula of Jaffna.

But no country has publicly supported India's action, which has united other states in the subcontinent against their large and powerful neighbour.

Sri Lanka also went onto the diplomatic offensive yesterday. It complained to the United Nations and called for a special session of the newly-formed South Asian Association for Regional Co-operation to discuss India's action.

The foreign ministers of the seven member countries are due to meet in New Delhi next week and there were suggestions last night that Sri Lanka might boycott the meeting.

India's offer yesterday was to discuss the problem with Sri Lanka during the two-day meeting. It is not clear, however, whether India will agree to a special session at which it would be sure to be roundly condemned by all six other members—Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka. In any case the group's charter technically forbids its use as a forum for political or bilateral issues.

The dispute centres on the fate of Sri Lanka's minority Tamil population. The Sri Lankan Government ordered the Army into the Jaffna peninsula to break the control of Tamil leaders. This put Mr

India's attempt to deliver the food and medicines by boat ended in humiliating failure on Wednesday when the boats were turned back to India before entering Sri Lankan waters. The air drop followed the next day.

Battle for hearts and minds, Page 2

## Reagan presses W Germany on reluctance to boost growth

By Stewart Fleming, US Editor, in Venice

PRESIDENT Ronald Reagan yesterday signalled US dissatisfaction with West Germany's reluctance to take further steps to stimulate its economic growth.

"The economy is slowing in Germany and that slows growth across Western Europe," he said.

Mr Reagan's remarks, in a television speech broadcast internationally on the eve of next week's economic summit in Venice, suggests that Washington is renewing efforts to persuade West Germany to take action in the wake of last week's reports of a decline in the country's gross national product over the first quarter of the year.

West German officials attending the summit are likely to react badly to what they may see as a heavy-handed US manoeuvre and one which could have an adverse effect on the D-mark.

Ironically, the move comes

only a day after the President praised the West German Government for its decision to support the "double zero" option for the elimination of medium and short-range missiles in Europe.

The President's comments contrasted with the absence of any similar expressions of dissatisfaction about Japan's moves to stimulate its economy. Although these have been publicly welcomed in Washington, they have fallen short of US hopes.

In his speech, President Reagan cited, for the first time, the rapid progress announced in recent months in research into superconductivity—a phenomenon which exists in certain materials at sub-zero temperatures.

The President said the progress would be "like a shot of adrenaline in the world economy, spurring growth and job creation and improving the

quality of life."

Experts agree with President Reagan's assertion that the rapid progress in research recently, enabling the raising of the temperature at which superconductivity can occur, is the most far-reaching technological breakthrough in decades.

Citing it as evidence of western technological leadership, Mr Reagan contrasted the imaginative of western societies with the inflexibility of communist economies.

The President has missed no opportunity in comments and speeches in the run-up to the summit to portray western societies and economies as more dynamic and free.

His aim seems to be to counter Soviet leader Mikhail Gorbachev's growing popularity in Western Europe—something about which US policymakers are deeply concerned.

Outlook worsens for West German jobless, Page 2

## Move on specialist mortgages

By Hugo Dixon

MORGAN GRENFIELD and three other British financial institutions have formed a specialist mortgage company, First Mortgage Securities, to operate in Britain's embryonic mortgage-backed securities market.

The securities are bonds issued on the International bond market which use home loans as collateral. Large profits can be made from the business because the mortgage rate is much higher than the interest rate in wholesale financial markets.

The new company will act as a principal, investing its own money, and as an agent, arranging finance for other institutions. The other shareholders, apart from Morgan Grenfield, are the Bank of Scotland; GEC Financial Holdings, the electrical group's financial services arm; and Foreign & Colonial Investment Trust, the investment managers' venture capital subsidiary.

Each has paid £5m for a 25 per cent stake, giving the new company capital of £20m. The remaining 10 per cent stake will be held by the company's management, which consists of Mr Nick Denton, its managing director, who was formerly with McKinsey, the management consultants.

The new company has already announced its first client—Sun Alliance, one of Britain's five largest composite insurance companies. It has started marketing £150m in fixed-rate mortgages and is financing them with a short-term facility being arranged by Morgan Grenfield.

The mortgages are being written straight on to the books of First Mortgage Securities 1, a vehicle company designed specially for the purpose. When enough mortgages have been written, FMS1 will issue securities on the bond market. Mr Denton said. This is expected to happen some time next year.

Other clients, he indicated, were being sought. Each FMS will set up a separate vehicle company to hold the home loans and will inject into it some of its own capital.

Although it will not own these vehicles itself—they will belong to a charitable trust—FMS will be able to enjoy most of the profits generated by the interest rate spread between the mortgage rate and money market rates.

Background, Page 4

## CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS		FALLERS	
ATA Selection	90 + 12	Micro Focus	198 + 11
Arlen	154 + 13	Millward Brown	200 + 12
Assoc Book Publishers	450 + 43	Mountleigh	282 + 12
Bejam	208 + 7	P & O Debt	697 + 7
Berkley Govett	253 + 10	RMC	968 + 25
Burns Anderson	194 + 14	Rotunda	190 + 14
Cable & Wireless	403 + 10	Unilever	231 + 1
Concentric	228 + 15	United Biscuits	320 + 12
Ex-Lands	81 + 8	Vantage Seas	230 + 23
Harrods & Greenfield	532 + 10	Wace	165 + 7
Leas Service other states	431 + 10	Aspirin	162 + 13
LASMO	265 + 6	Boase Massimil	410 + 13
London Int'l	306 + 22	Sound Diffusion	64 + 11

## WORLDWIDE WEATHER

	Y'day	Today	Y'day	Today	Y'day	Today	Y'day	Today
	°C	°F	°C	°F	°C	°F	°C	°F
Algiers	29	84	Dublin	18	64	Madrid	27	81
Alexandria	29	84	Dover	18	64	Málaga	24	75
Amman	12	54	Edinburgh	12	54	Moscow	22	72
Antwerp	22	72	Fair	12	54	Nairobi	22	72
Bahran	35	95	Fair	12	54	Paris	22	72
Batavia	22	72	Frankfurt	18	64	Rome	22	72
Bombay	31	88	Glasgow	17	63	Salt Lake	22	72
Buenos Aires	17	63	Harbin	17	63	Seoul	22	72
Calcutta	29	84	Hong Kong	24	75	Singapore	22	72
Cairo	29	84	London	17	63	Taipei	22	72
Cardiff	17	63	Los Angeles	24	75	Tokyo	22	72
Chennai	29	84	Manila	24	75	Yokohama	22	72
Colombo	29	84	Medan	24	75			
Copenhagen	17	63	Montevideo	24	75			
Dacca	29	84	Mumbai	24	75			
Dhaka	29	84	Nagasaki	24	75			
Delhi	29	84	Osaka	24	75			
Detroit	17	63	Perth	22	72			
Dublin	18	64	Puerto Rico	24	75			
Edinburgh	12	54	Rangoon	24	75			
Frankfurt	18	64	San Francisco	24	75			
Glasgow	17	63	Singapore	22	72			
Harbin	17	63	Taipei	22	72			
Hong Kong	24	75	Tokyo	22	72			
London	17	63	Yokohama	22	72			
Los Angeles	24	75						
Manila	24	75						
Medan	24	75						
Montevideo	24	75						
Mumbai	24	75						
Nagasaki	24	75						
Osaka	24	75						
Perth	22	72						
Puerto Rico	24	75						
Rangoon	24	75						
San Francisco	24	75						
Singapore	22	72						
Taipei	22	72						
Tokyo	22	72						
Yokohama	22	72						

C—Cloudy, F—Fair, FG—Fog, H—Hot, R—Rain, S—Sun, Sh—Shower, T—Thunder, W—Windy, Y—Yunny, Sh—Shower.

## Financiers join fight for Allegis

By James Buchanan in New York and Lucy Kellaway in London

ALLEGIS, the Chicago-based financial conglomerate, is fighting a desperate battle to avert a takeover bid from a group of UK investors. The bid, which came yesterday, is the latest in a series of offers to buy the company.

Mr David and Mr Frederick Barclay, two financiers with hotel and brewing interests, are offering \$1bn in cash for Allegis's Hilton International hotel chain. The news pushed Allegis stock up \$24 to \$624 in early trading yesterday.

The Barclay involvement adds badly-needed credibility to the pilots' ambitious two-month effort to buy United Airlines from the group. The pilots also announced that Salomon Bros, the New York investment bank, was "highly confident" of finding \$1.5bn in financing for the deal.

Allegis management, which in April brusquely rejected the pilots' first offer, gave a little ground yesterday, saying it would hold talks with the

union's financial advisers on the merits of the proposal. "We are unclear and need clarification," the new proposal, outlined in a letter to Allegis management on Thursday, involves the immediate sale of Hilton International and Allegis's Hertz car rental business, and a big increase in United Airlines' debt to pay Allegis shareholders at least \$70 a share in cash or \$4.1bn.

Shareholders will also receive stock in the heavily-indebted airline to be 50 per cent owned by the pilots, and the eventual proceeds from the sale of Westin—Allegis's other hotel operation.

Hilton was bought last December for \$980m from Transworld, the former FWA parent, by Mr Richard Ferris, Allegis's chief executive, as part of a controversial strategy to link airline, car rental and hotel services.

Mr Fred Dubinsky, chairman of the United chapter of the Airline Pilots' Association, said the offer was "demonstrably

superior" to the company's own plan to pay out \$60 a share to shareholders and to use the company's debt to keep it intact.

Union officials said yesterday they were also in touch with Coniston Partners, a New York-based investment group with 13 per cent of Allegis, which is seeking shareholders' approval to oust Allegis management and break up the group.

The Barclay brothers, who could not be reached yesterday, have interests in hotels in London, Monte Carlo and New York, as well as in two regional British breweries acquired during their 1963 takeover of Ellerman Lines.

Last year, they launched an unsuccessful, and ultimately abandoned, bid for Imperial Chemicals, the Calor Gas group, using as a vehicle Gulf Resources, a small US company in which they held a controlling stake. The bid was dropped in January this year, following a referendum by the Monopolies and Mergers Commission.

Continued from Page 1

## Midland drops card

refused to accept the cards unless they were charged a similar flat fee.

Mr Bob Woodman, chairman of the consortium's committee on cashless shopping, said: "It

(Vector) was a charge card which was inextricably linked to your current account. It meant that, as a current account holder, you did not need to carry a cheque book."

Background, Page 4

## US considers Iran strike Continued from Page 1

pared to strike a ship flying a US flag; or to warn Iran not to deploy the missiles.

The leak that the US was considering an attack appears designed to create uncertainty in Iran about US intentions, to leave the Iranian Government in no doubt about how seriously Washington considers the threat to shipping in the Gulf, and to attempt to deter Iranians from deciding to deploy the weapons.

It might also be aimed at increasing pressure on America's allies to support moves which Washington has launched in the United Nations. These are designed to secure a UN resolution aimed at bringing about a ceasefire in the Gulf, and to encourage a mechanism for enforcing it.

At present, Iran is said to have only a handful of the missiles. Officials say the

first will not be operational until the beginning of July but they add that a further 20 missiles are believed to be on their way to Iran. The US believes Iran has spent about \$700m on the missiles.

On Wednesday Mr Frank Carlucci, President Reagan's National Security Adviser, said Iran's acquisition of the Silkworm missiles "adds a new dimension to the threat" to the Kuwaiti ships which Washington is planning to put under an American flag and escort through the Gulf.

He said Washington might have to "add to its military capability" in the Gulf in view of the threat.

Lionel Barber writes from Washington: Admiral William Crowe, chairman of the US Joint Chiefs of Staff, warned yesterday that President Reagan's pledge to keep open the Gulf could lead to more

American casualties, but said that the US Navy was up to the job.

Admiral Crowe told the Senate armed services committee that the US was capable of protecting Kuwaiti tankers and assured friendly Arab states in the region that the US commitment remained.

However, he added: "Of course, there are no absolute guarantees that such an operation will be casualty-free or that Iran will not escalate the sea war, which will present us with further difficult choices."

Admiral Crowe did not say publicly whether the joint chiefs were considering a pre-emptive strike against the Silkworm missiles.

Some private military analysts have cautioned against a pre-emptive attack on the Silkworms.

## THE LEX COLUMN

## ICI swoops on the crop

Having made so clear its strategic interest in agrochemicals ICI has almost bound to have to pay a little over the odds for a seat at the top table. The market patted Unilever on the head—up 105p—for having spotted its negotiating strength and squeezed out a Hanson-like divestment price, while ICI's rise into the depressed US farm economy was given full marks only for vision.

However, ICI is in a perfect position to be making acquisitions for the early 1990s and, in any case, thanks to the centralising forces in agrochemicals and the likelihood that the US will pick up while Europe slips, the deal is less dangerous than it seems. None the less, the exit multiple is unlikely to be much below the low 20s once the less valuable non-agrochemical parts of Stauffer have found new homes; and while some dilution is inevitable in the current year the cost of rationalisation will probably ensure a negligible boost to earnings in the next. Thereafter the benefits are clear enough even in a persistently sluggish market.

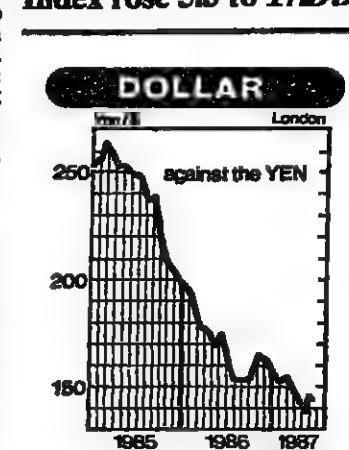
With further deals just off-stage, anxieties about the funding of the acquisition—along with US scepticism—knocked the shares. After the full goodwill write-off and before any disposals, the \$1.9bn of debt leaves ICI with gearing over 60 per cent on a simple debt/equity basis or 42 per cent on its preferred debt: total capital employed figure. But taking the latter definition it should soon be back to a level the company can live with.

Currencies

As the world's leaders gather in Venice next week they might ponder on the fact that none of their many meetings has done much to stem the slide in the dollar which they originally encouraged. It would be optimistic to expect this summit to do any better. Indeed, there are some good reasons to suggest that the dollar should be allowed to fall further, as Mr Alan Greenspan knew only too well before he was nominated as the next chairman of the US Federal Reserve Board.

The US current account deficit has not yet to show much response in money terms to the new competitiveness provided by the lower exchange rate, as next Friday's trade figures are likely to show. Further falls in the dollar might help but what is needed as well is a

Index rose 5.3 to 1729.9



realignment of demand in the economies on the two sides of the trade imbalance. Dampening down US demand is just as important as refloating the Japanese and West German economies. While Japan can make some claim to have fulfilled its earlier agreement by announcing its fiscal package, the German authorities appear unwilling to refloat, and the US has yet to carry out its promise to take action on its budget deficit. In the absence of real economic co-operation the dollar is likely to remain weak.

Sterling has largely been left out of the equation lately, though if Mrs Thatcher can have her picture taken in a canal it might add a touch to the Tory lead in the opinion polls. Thursday's real poll is crucial to the pound's next move, and if there is at least a working majority for the Conservative Party, that will be immediately upwards.

Valor

Little short of transubstantiation will be necessary to fortify the contents of the balance sheet before Valor shareholders. The assumed 28.5p earnings from the new group underlying the prospective p/s of 14 is a test of faith as well as patience. Stripping out the Beilbergs' junk-bond interest boosts the historic pre-forms combined earnings from 18.5p to nearer 20p, but Valor shareholders may look back with longing to the 24.94p earned last year. They could have done worse: less ambitious pricing would have diluted the mixture

even more. If domestic scepticism prevails, Valor's underwriters expect any shares left on the carpet to disappear westwards like dust into one of NuTone's fancy vacuum-cleaning units.

Australian accounts

The profits made by Australia's corporate empires are typically drawn from a mish-mash of subsidiaries and associated richly laced with share dealing. A moveable feast of cross-holdings between many quoted arms of the same group adds a further layer of complexity. Rules from the National Companies and Securities Commission for equity accounting are therefore to be welcomed. For Adelaide Steamship, Bell and IEL this should mean that contributions from David Jones, BHP and Woolworths respectively cannot appear in their operating profits or balance-sheets. Colour suppliers containing equity-accounted figures will certainly be sent out along with slimmed down accounts, but these should tell the market more about the associates.

A day before the adroit Ad-Stream made a restructuring move of



## WEEKEND FT

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## The final analysis

Antony Thorncroft examines the role of opinion pollsters and explains how they come up with their figures

SOME TIME on Thursday evening, well before the polling booths close and the votes are gathered together for counting, Graham Dosssett of research company Gallup will phone the BBC and tell it the results of the 1987 General Election in time for its 8 o'clock news bulletin.

Of course Dosssett will not stake his life on the correctness of his information. The opinion pollsters are unanimous in hammering home the point that they never make forecasts; they just take snapshots of the voting intentions of the public at a given moment.

But since the Gallup poll is a large one, covering 4,500 interviews conducted during Wednesday and Thursday, and will include quizzing people who have already cast their vote, Gallup, like the other polling organisations, will be amazed if it has not come up with the right result. Only if it is a very close-run thing between the parties is there the chance of error.

If there is the likelihood of a dead heat then the public will have to wait another hour, until ITN's News at Ten, for the verdict. ITN has commissioned Harris to question 15,000 voters as they leave the polling booths, which completely eliminates the possibility of an upset. The days when you had to sit transfixed before the television set until the early hours of the morning, waiting for those key marginals like the Preston constituencies and Dudley to report their conclusive results, have gone for ever. The opinion pollsters have removed the uncertainties—and the fun—from the election night and we can all go to bed early.

Such expertise has not made the opinion pollsters very popular with politicians. One Labour MP, Ray Powell, recently mustered considerable support among his party colleagues for a Parliamentary Bill that would ban the publication of poll results. He believed it influenced the voting intentions of the electorate, particularly in by-elections, persuading it to vote tactically, and perhaps for its second choice candidate, just to snapper the chances of its least favourite. Why voters should not enjoy the privilege of such a choice was never satisfactorily explained. Mr Powell's publication of polls would not stop the leaking of information by the parties, or City insiders, if it suited their interests.

All politicians are obsessed by polls. Gordon Heath of Gallup says the political parties spend more than the media on commissioning their own polls. Mr Ray Hattersley summed up the politicians' attitude early in this campaign, when the polls started to move in Labour's favour: "It is our policy not to comment on opinion polls; but we might start quoting some."

The polls attract so much interest,

and abuse, because their record in recent elections has been excellent. In the 1983 General Election Mori was spot on and the other four leading polling organisations, Harris, Gallup, NOP and Marplan were all within 2 per cent of the final result—a better performance than they ever claim to be able to achieve. The general consensus is that in the statistical science of polling, and using a quota sample of 1,000 interviews, which is the norm, the results should be accurate to within 3 to 4 per cent.

In 1974 the opinion pollsters maintain that they got it right—but the political system got it wrong. They forecast a narrow Conservative victory but while the Tories picked up a slight majority of the votes Labour secured more seats. In 1970—with the exception of Opinion Research—they got it wrong by making an elementary mistake which they have never repeated: they finished polling too soon and failed to pick up a last-minute swing to the Conservatives. Opinion Research's good fortune in being last to go into the field reaped long-term benefits. The company gained prestige, clients, and a takeover bid from Harris, an American-owned research firm, which in this election has captured a lion's share of the polling business, working for 10 major media clients as well as for the Conservative Party.

While their research for newspapers and television is the most visible sign of pollsters at work (perhaps too visible), with around a hundred polls during this campaign, overall it is threatening to act in the most influential is certainly the assignments they undertake for the political parties. On the findings the leaders decide which issues to pursue and thus set out their battle lines.

When Neil Kinnock attacked the Government's record on crime last week he was reacting to the latest research findings from MORI, which showed crime to be an increasing concern to the voters. In the event, the Conservatives hit back by bombing in on defence which the pollsters have long revealed to be Labour's weakest ground. Every morning at six John Hanvey of Harris goes to Tory Central Office in Smith Square to brief the campaign managers, and in particular Norman Tebbit, with the latest research findings. If there is an important shift in data he gets an audience with the Prime Minister. Gallup, too, numbers the Conservative Party among its clients.

Mr Kinnock takes research even more seriously, having long sessions with Bob

Worcester of MORI. The Alliance strapped for funds, cannot afford many private polls. To question a sample of 1,000, in a simple poll, costs around £5,000. More detailed surveys, especially those aimed at marginal groups or in individual constituencies, can cost much more.

The unguarded remark, the uncontrollable news event, an impressive party political broadcast, provide the superficial gloss to the election campaign but the underlying strategy of the parties is based on research about the public's attitude to the various leading issues gathered by pollsters over the years. The most remarkable feature of this election so far has been the consistency of the polls—they have all settled down in happy agreement, with the differences between them well within the accepted margin of error. This is in contrast to the volatility apparent in the pre-election period.

There is a reason for this harmony—and one that has greatly upset the Alliance parties. Gallup interviewers used to ask people their voting intentions after they had questioned them about their attitude to the various party leaders. As a consequence, the good standing of Messrs Owen and Steel produced a boost in the voting intentions for the Alliance; hence the poll just before the election campaign which showed the Alliance ahead of Labour. Now Gallup follows the other polls and puts the voting intention on top of the list. The Alliance share has fallen but the pollsters are in rough agreement.

So far there has been an absence of the pollsters' great dread—a rogue set of statistics. They have all got things wrong in the past in a single poll. Gallup had its nasty experience in January when it suggested a 5 per cent lead for Labour while the other pollsters showed the Tories ahead. It is now agreed that collecting the data while the country was in the grip of snow and asking fewer than 1,000 people produced a false result.

MORI came unstuck at the Brecon by-election of 1985 when it pointed to a

Labour win. Its interviewers were drafted into a remote constituency and concentrated their questions on voters living in the accessible villages rather than face the arduous tracks to outlying farms, where the Alliance vote concentrated. Rogue polls only matter because of the ignorance of the public—the Gallup findings topped two cents off the value of sterling.

The pollsters are bemused by the jitters in the City over the findings of individual polls. They are used to constant phone calls, from stockbrokers in particular, anxious to pay for advance information. In the event, rarely more than two executives in a polling company have access to the data. The interviewers phone through the research information to a bank of telephonists who feed it directly on to a computer. Bob Worcester reckons he gets the results on his desk top visual display unit within 12 minutes. Then it is sped around to the media clients (with some polish and werry if their support among trade unionists or the black middle class has slipped, and the City has hysterics if Labour shows a marginal rise well within the accepted margin of polling error, the men who run the research companies happily take a relaxed view of their brief flash of fame).

They are able to answer most questions with statistical facts. Do the polls influence voting intentions? Hardly at all: research reports that only around 4 per cent of voters admit to being influenced by polls in their choice of candidate, and, rather than leaping on a bandwagon, all the evidence of the 1983 General Election suggests that there is a slight underdog factor, voters switching to the apparent loser in order to clip the wings of the predicted victor. But what of the marginal constituencies with tight, three-party, races:

doesn't a poll help tactical voters? Yes, but (and here the poll operator reaches for his files) the latest research suggests that the proportion of the electorate that even thinks of voting tactically has fallen from 30 per cent to 25 per cent, and is now in sharper decline. And, anyway, only around 40 per cent of the people living in marginals are aware of the fact that they wield such power.

In theory, the spate of constituency polls during this campaign should spread the knowledge wider, but, in practice, to cut down on the cost, constituency polls are often based on samples of less than 1,000, and are fallible. Anyway the public likes polls—only 29 per cent wants to ban them, roughly the same group that wants also to ban party political broadcasts, which should give anti-poll MPs pause for thought.

And what about a poll of the polling companies; how would they compare? In practice there is little to choose between them. The methodology has become routine, and although these days they all have their own field forces (in the past they might have bought out the service from a specialist company) their interviewers (mainly middle class, middle-aged women after pin money, of around £35 for a five-hour day) often work for more than one field force. They have learned the pitfalls of stretching the interviewing over too long a period; prefacing the political questions with more mundane queries; using inexperienced interviewers; and of not insisting on preparing their own commentary on the results for their client.

The Big Five are among the larger market research companies and regard themselves as rather brave in undertaking the political assignments. As Nick Sparrow of Marplan says "This is the only part of market research where somebody comes along and takes a census to see whether you have been right or wrong." They do it mainly for public relations reasons—it gets their name better known and they are more likely to be asked to pitch for the more lucrative commercial research work.

But if, on Friday, they are seen to have made a hash of things the phone can stop ringing quite quickly. It is noticeable that only one sizeable research company has entered the fray at this election—Audience Selection, an AGB subsidiary which has conducted telephone polls for The Sun. The experience of RSL, a respected research company which got involved at a past

general election and produced a rogue poll as its first effort, has not been forgotten.

There is also little profit in political opinion polling. As in most research, there is great potential for under-cutting on price. If, like Harris and MORI, you can work for numerous clients, and add in the more costly constituency polls, or investigations into specialist groups, like the ethnic community, or Scotland, the turnover can build up, and both these companies have exploited their reputation in political polling to build up a specialisation in social and economic research, which accounts for around 30 per cent of their turnover. Harris even lured away a leading political guru, Dr Robert Waller of Oxford University, to head its team in this election.

It is a very small part of their turnover, accounting for little over £5m, even in an election year, out of an industry turnover of £220m. But it brings what is inherently a retiring and rather mundane business into the limelight. The interviewers welcome the opportunity to put the frighteners on politicians with the results of their surveys rather than processing yet another sample of housewives on what aroma they prefer on a new soap, or what financial journalists think of the corporate reputation of XYZ.

If there is some disagreement over the accuracy of the results, among the pollsters there is unanimity about the accuracy of their own field forecasts, never forgetting the margin of error of just over 3 per cent on a 1,000 sample (nearer 2 per cent on a poll of 1,500, and the samples will grow larger as Thursday approaches). Bob Worcester speaks for them all when he says, "I would be astonished if we were not within 3 per cent of the share of the poll of the three parties; I would be disappointed if we were not within 1 per cent; I would be pleased if we were within 1 per cent—and I would be astonished if we were not on."

The opinion pollsters also agree that they do not make forecasts, not with their figures, or personally. John Barter admits "I've never known what's going to happen during a campaign. I think we underestimate the degree to which people change their minds."

But Bob Worcester, justifying his reputation as the public face of the pollsters, the man who always ends up on the television screen or the radio explaining what polls can and cannot do, ten days ago risked a prediction: "The polls will narrow between Conservative and Labour as the election approaches. Then in the final days there will be a swing towards the leading party as the voters react against the idea of a hung Parliament." The electorate does not like hung Parliaments: the polls say so.

## The Long View

## That's the way the money goes

REGULAR readers must by now know that I have a rather sceptical view of efficient market theory—the theory which holds that since everything known about a company, about the whole economy, is already reflected in the market price, a portfolio can only beat the index through sheer luck. It sounds plausible; but it is also a wonderful alibi for portfolio managers.

It has a good deal of academic support. It is true: even the Bank of England gives it some tacit support when it argues, in the study I discussed a fortnight ago, that fund managers are forced into short-termism by "unreasonable" demands from trustees that they should consistently appear somewhere near the top of the league table.

That is only unreasonable if there is, in fact, no such thing as skilled portfolio management, as the theory argues. The evidence does not seem to support this. The league tables for unit trusts show that, contrary to the theory, the different managements do on the whole perform very consistently.

The same half dozen or so names, some famous and some relatively unknown, appear at the top of the league whether you look back a year, two years, five or even ten years. Equally the same names, including some household names in insurance and banking, appear equally consistently among the duds. Before your mouth begins to water, I had better say that I am not going to name names. This is not a matter of being really-mouthing, but of fairness. There are technical traps in measuring unit trust performance; the batting order can change quite remarkably if you choose a different closing date, for example.

The Bank of England has told us how professional money managers behave—but how do they perform? Even worse than Anthony Harris had feared—although it could be the fault of their clients

What follows is based on just one performance index, that calculated by *Planned Savings*; and while this is carefully worked out, I do not think it would be fair to award gold cups or wooden spoons without studying all the rival measures. Some of the names would probably change; the general conclusions would not. They are pretty depressing. If you look, for instance, at UK general funds, we find that in 1986 fewer than half the funds



listed (39 out of 98) beat the FT All-Share Index. That is on an offer-price to offer-price basis, and takes no account of the fact that the people who actually bought the units lost about a twentieth of their money in front-end fees. The picture over five years is much the same. This time 28 out of 69 funds managed to beat the index. What is more, when they try harder, they do a little worse. Only 28 out of 72 growth funds, managed for

capital appreciation, did better than a pin.

When they are not trying, they do much better. Over the five years to the end of 1986 no fewer than 50 out of 69 income funds beat the index, and half of them by 15 per cent or better. In other words, if you are interested only in capital growth, income funds can almost be picked at random.

A quirk might suggest that high income recovery stocks often do outperform the market—the strategy that William Rees Mogg attributed to his character Lord Ott. He would still conclude that the unit trust managers show no skill at all; but this is necessarily fair. The trouble may lie not so much with the managers as with you, the investment public.

Unit trust investors seem to have acquired some rather bad habits in the 1980s, buying as the bull market advanced. As a result, the managers had to put in more money at high prices than at low ones. In the 1970s, on the other hand, the average investor was much cannier, buying at the bottom and selling near the top. This cannaise gave a flattering picture of the skills of the managers.

This fact may also go some way to explain why some small, little-known managements perform so well. They appeal to a sophisticated and loyal public. It is the big household names which are most at the mercy of bandwagon instincts inspired, perhaps, by headlines and television bulletins. Equally, the income trusts, which do not on the whole appeal to those who like a gamble, may well attract less fashion-conscious subscribers. There is some confirmation of this analysis in the really appalling performance of the international unit trusts. Here

the managers are operating in markets which they know less well than the London market; and their clients—even the sophisticated ones—may need to see reports in the papers in Tokyo or Milan before they take an interest. By that time it is usually too late.

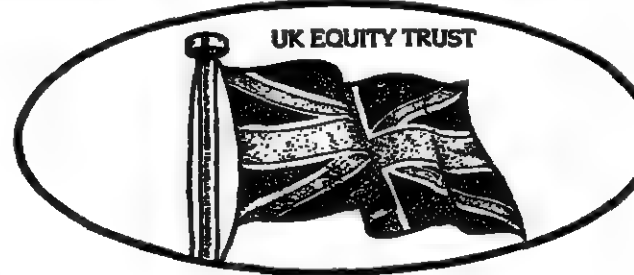
The result is that only 34 out of its 115 international unit trusts matched the international index in 1986, and only five out of 61 over the five-year stretch. Simple bad management could hardly explain a performance so spectacularly worse than a random selection.

Remember that you have to pay a 5 per cent entry-fee to get your share of this under-performance, and you may well decide to give up managed investment altogether. But this would be quite the wrong conclusion, if the tables I have consulted are not in some way the result of perverse luck.

You should avoid picking a unit trust at random, unless it is an income trust, and you should probably avoid the big general trusts run by household names—you are too much at the mercy of other people's bad timing. In short, you must do some solid research.

You could, of course, wait until someone comes along to offer an index trust, guaranteed to match the average. This looks such an uninspiring objective that it would be difficult to write an inspiring advertisement; but it would perform much better than the average unit trust. One promoter in the US has been bold enough to offer a mutual fund of this kind, which appears to mean that you pay your front end fee and then sleep easy; but I'm not so sure. If his clients have had timing, he will be in trouble—unless he shuts off the supply.

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# City's nasty turn

POLL RESULTS and rumours of poll results have been the driving force behind the equity market over the past week. Even Paul Volcker's resignation from the US Federal Reserve could not prevent the FT-SE from hitting a new peak on Derby day.

The biggest shock of the week for a market convinced that only a resounding Conservative victory will have it from penury was Thursday's Gallup poll in the Daily Telegraph. Gallup showed only a 4 per cent Tory lead, the smallest in any poll to date—a result which is still holding down the rolling average.

In response, morning commuter trains coming into the City echoed with the irritating bleeps of portable telephones as investment managers issued sell orders. By yesterday, though, confidence had been regained, as elsewhere Labour remained a fairly steady 9-10 points behind.

More seriously, with the FT-SE over 2200 all the week, some analysts are beginning to examine just how attractive London remains for overseas investors—a key force behind the market's one-third rise since the start of the year.

Warburg Securities believes London is no longer the cheap buy it was for many Europeans. In February, there was a five-point discount on earnings multiples to the main European markets; today, that has narrowed to 1.5 points. While Japan remains a law unto itself—the Tokyo market is presently trading on a prospective multiple of 90 times forecast earnings for 1987—Europe is more likely to be attracted to London

by its size and depth rather than cheapness, Warburg argues. Confronting London investors through this phase of the rising market have been the tales of the Japanese billions looking for a home. The market, however, appears fairly evenly divided between those who believe that the flood gates of inbound yen could burst any time soon, and those who are more sceptical.

Certainly, the way the Japanese have played the gilt market recently, trading very actively and very professionally, does not readily support the theory that London's hardened equity-dealing professionals are about to find themselves car-

## London

ried forward on a tidal wave of unquestioning Nipponese buying.

Unquestionably, though, it was overseas buying that spurred Beecham forward early this week and then brought it down again. Up over 87p at one point, Beecham's shares ended the week where they started, the 550p mark, after profit-taking by a major US investment house acting as a market-maker in London.

Both US and Japanese investors were quick to move into Beecham after the sharp fall in the share price of Genentech, the leading American biotechnology company.

Genentech was hit hard by the refusal of the US drug watchdog body to recommend approval of the Californian company's new clot-busting

drug, Activase, until further testing is done. This boosts prospects for Beecham's Emnamase—both drugs could reach the market at much the same time—so increasing the chance that the UK group will be able to win a big share of the US market later this decade.

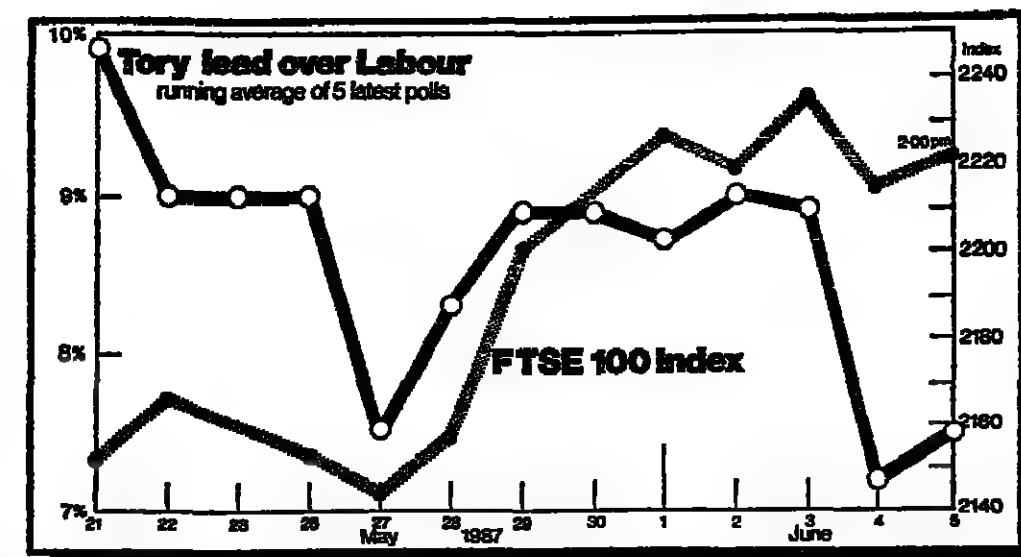
On Tuesday, Hanson Trust did itself few favours by hiding its share dealing lights under a bushel. With optimists expecting £350m against an interim outturn of £312m, the market was unimpressed despite the almost doubling of profits and the shares have slipped 7 to 8 per cent.

Many remain committed fans of the stock, claiming in Lord Hanson's defence that £30 to £40m of dealing profits are being carried forward so as to even out the earnings growth rate.

Certainly, Japanese investors are being given a bullish message: brokers Nikko gave Hanson a firm buy recommendation arguing "the results were very good" and investors who wait for the announcement of a major acquisition will miss this buying opportunity.

The arguments over what multi-billion deal Hanson will do next do appear to be obscuring the group's trading performance, with both SCG and Imperial responding to their new owner's treatment. With £40m or more said to be available for bids, only Australia's Robert Holmes & Court appears to be able to match Hanson's depth of pocket in the international takeover business at the moment.

Pocket sizes are no longer being measured around at



Extel, though. After a couple of years on the run from various suitors, the financial and trading information group has all but fallen, for £250m, to Lord Stevens, United Newspapers and MIM.

Faced with the inevitable, Extel has sensibly advised its investors to take the 461p cash offer before this closes on Monday.

When writing up the battle for Extel, historians may conclude that the City's rejection of Demerger One's bid last year was over-hasty. Since then, Extel's grip over the racing information business has slipped perceptibly and analysts have wanted more than ever to know why, in the age of the computer and the terminal, Extel has remained so determinedly off-line.

To get the best out of its new charge, United faces a major investment programme. As the costs of new technology weighed heavily on the Express group last year, United's shareholders will certainly be sympathetic to

some judicious disposal.

It has also been an active week in the drinks trade. Under new management, Grand Metropolitan has made a series of key changes at operating levels. Meanwhile, Guinness has concluded a black velvet-style alliance in the Far East with LVMH, the French group rising from Wednesday's merger of Moët-Hennessy and Louis Vuitton, the luggage-maker which also owns Veuve Clicquot.

However, the big event has been the analysts' trip of a lifetime which started on Monday with 38 stockbrokers, 16 journalists, 31 representatives from institutions and nine "minders" taking off in Concordes for a one-week exploratory binge around the worldwide operations of Hiram Walker, the Canadian drinks business acquired last year by Allied-Lyons.

However, they had not reached the first whisky distillery before rain struck. For, as if to commemorate the

event, stockbroker Panmure Gordon put out a sell recommendation against Allied-Lyons. As well as questioning the group's accounting policies in some areas, the broker also questioned the cost of the one week trip taking in Scotland, Canada and France.

With all the key drinks analysts (including one from Panmure) in its grip, Allied must have thought it was safe from such digs. But although members of the travelling band have been sending back reviews of Hiram Walker and all else they have seen, the shares have slipped 22p on the week.

The trippers, however, are determined not to take this blow to their analytical skills lying down—"an outrageous example of biting-the-hand-that-gives-one-drink" was how one of them described it—and a counter-attack is expected soon.

Terry Povey

# Hungry for success and acquisitive, too

ON THE face of it, the industry—price-pressured, intensely competitive, at the beck and call of the supermarket giants—looks an infertile source for the small company investor. Yet, in recent years the USM has yielded a promising crop of small food businesses.

The rationale is simple. The food market might be sub-bombly stable but consumer tastes are changing. The trend towards more inventive food and healthy eating has created lots of niches within the market place—niches which small companies are well-equipped to fill.

Hunter Saphir, which produced preliminary results on Wednesday, is one of the Second Market food stocks which has proved most adept at steering away from the mass market. When Hunter joined the USM three years ago, its business was dominated by distribution and fresh produce.

After a flurry of acquisitions, culminating in January with the purchase of four food manufacturing companies from S. and W. Beristoff, it has become a broadly-based business.

On Wednesday, Hunter unveiled the last set of results to reflect its old guise and trumpeted a 27 per cent increase in pre-tax profits to £2.73m. The City expects a surge to £5.75m this year, with earnings per share of 14p. Moreover, Hunter has succeeded in establishing itself as one of the bright young stocks in the food sector.

The new Hunter is structured in four divisions: food, food distribution, fresh produce and food manufacturing. The original businesses should sustain growth of 20 per cent, while the new additions could benefit from its distribution and product development resources.

Hunter's shares, which have already doubled in 1987, may receive a fillip when it moves to the main market later in the year.

Hughes Food is mooted as another growth-hungry group. It surfaced on the USM a year ago as a diverse business operating cold storage facilities, supplying food processing equipment, and renting out forklift trucks. It has since embarked upon a frenetic acquisition programme embracing fish, construction and even party potato chips.

This whirl of acquisitions has impressed the City and Hughes' share price has risen sevenfold since flotation. The group will provide more tangible evidence of its growth later this month when it unveils its first full set of publicly quoted results. Analysts anticipate quadrupled

## Junior Markets

pre-tax profits of £1m, compared with £900,000 forecast at its flotation, and earnings per share of 2.4p.

Given the volatility of the food market, the City has traditionally favoured broadly-based businesses like Hunter, Hughes and E.T. Sutherland, which recently gobbled up Home Farm Products—able to withstand a sudden slump in individual areas of activity.

Yet, the trend towards more eclectic eating has created a new crop of specialist food producers.

Chester Wholefoods was the first "natural" foods group to go public when it joined the USM late in 1985. Its shares soared during the first year on

the market but have been more sedate in recent months.

The publication of its preliminary results, due later this month, should buoy the share price. Fueled by stream of new meat products, profits could rise by 40 per cent to £900,000, with earnings per share of 12p. Cheesire is now poised to diversify outside the meat field into "other healthy" products and cereals.

Late last year, Northumbrian Fine Foods, which produces biscuits and health bars, surfaced on the USM as its second "natural" food stock. It has fared even better than Cheesire and has seen its share price double in the past six months.

At the time of flotation, the company was dogged by delays in the installation of a new production system. The problems were resolved when Robb switched to managing director.

At any event, the pharmaceuticals major has raised £300m by the sale of unwanted businesses since March 1986 and is now thought to have a very strong drug research portfolio—enough, fundamentally, to transcend the importance of the preliminary results due on Thursday.

Practically, however, there has been strong selling pressure on the shares, said to emanate from one new market-maker selling into a basically upward trend. Beecham, therefore, might need to report the £340m to £345m widely expected for 1986-87 to maintain the status quo.

Alice Rawsthorn

## MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1987	1987	
	1/2 day	on week	high	low	
FT Ordinary Index	1,729.9	+ 17.8	1,739.6	1,320.3	Still poll-driven
Aldford Steamlines	136	+ 38	146	60	Benefiting after excellent results
Allied-Lyons	421.2d	- 16	446	317	"Buy" recommendations ignored
Assed Book Publishers	480	+ 177	480	236	Approach to major shareholders
Blue Circle Industries	480xc	+ 284	480	336	Chairman's confident statement
Northwick	90	- 22	112	75	Acutely disappointing annual results
Brenner	86	+ 12	92	66	Acquisition of Curwell and Co
Bridon	227 1/2	+ 284	233 1/2	138	Persistent bid chatter
British Gas	182	+ 18	183	106	Election bellwether stock
Chapman Industries	295	+ 25	300	218	Record pre-tax profits
Collins (Wm) A	630	+ 45	680	333	Stock's resounding confidence
Foster (John)	107 1/2d	+ 194	107	68 1/2	General Invest Australia raises stake
Hartwells	131 1/2d	+ 15	135	87	Bid rumours/property sales hopes
Jarvis Porter	176	+ 21	178	110	Current trading optimism
Lucas Industries	639	+ 56	642 1/2	465	Persistent reorganisation speculation
Mersey Dock Units	97	+ 17	98	30	Asset value/property sales speculation
Peterson Zochams	580	- 33	416	285	Second-half profits warning
Simbrook	260	+ 38	260	102	Agreed bid from Yale Catto
Sims Catering Butchers	243	+ 96	245	105	Mr E. Randall gains control
TI Group	364	+ 20	364	242	Sale of Corda division to GEC

# Beecham blossoms out

THE BLOSSOMING of BEECHAM, depending on your taste, dates from the appointment of John Robb as chief executive in November 1985 or the advent of American Bob Bauman as executive chairman last August, when Robb switched to managing director.

At any event, the pharmaceuticals major has raised £300m by the sale of unwanted businesses since March 1986 and is now thought to have a very strong drug research portfolio—enough, fundamentally, to transcend the importance of the preliminary results due on Thursday.

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Alice Rawsthorn

receive final confirmation of FILKINGTON's dramatic profit forecast issued in January as part of its defence against the controversial BTR takeover bid.

Pilkington caught analysts by surprise when it said pre-tax profits in the year to the end of March would double to

£250m, far ahead of the forecasts below £210m then current. BTR withdrew its offer just days later.

Everything came together for Pilkington this past year. The benefits of an internal restructuring and cost-cutting programme came on stream just as a capacity shortage in its float and safety glass products drove up prices in Europe.

Exchange rate movements would have hurt Pilkington in recent months, but most analysts have enough confidence in the company to predict that profits will still come in above the £250m mark.

Analysts are expecting UNI-

GATE, the foods group, to unveil pre-tax profits of just over £100m when it announces its preliminary figures on Tuesday, up from £82.8m in the previous year.

St Ivel is expected to be the best performing division, thanks to volume growth in the Shapes, Gold and Real product ranges, while only marginal increases in profits are expected from liquid milk and from overseas interests.

However, both Wincanton (with the help of the Arlington acquisition) and Glitspur should show significant profit increases and the interest charge should benefit from good cash generation.

UNITAL BOX will announce its full-year results on Tuesday. The group has been squeezing as much performance as it can from its mature businesses and diversifying overseas, particularly in the US, which could account for as much as 20 per cent of turnover in 1986-87.

Analysts have faith in the new management team, headed by Dr Brian Smith, and expectations are in the region of £80m compared with £65.8m the previous year.

## Results due next week

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## COMPANY NEWS SUMMARY

### TAKE-OVER BIDS AND MERGERS

Company	Value of bid for	Market price	Price before bid	Value of bid for	Market
Apex Group	135 1/2	135	143	145.4	Handsworth Tel
Avon Group	249 1/2	249	246	246.7	EBM
Brit Car Auction	244 1/2	244	246	246.7	Harvey Group
Centrosocial Exls	443	348	278	60.54	Gilbert House
Chikpoll Europe	360	360	270	15.00	Brian House
Comb Eng Stores	407	403	353	318.51	Nest
Comb Eng Stores	374	403	353	323.45	Bakers
Comstar	679 1/2	680	682	615	Atlantic Computer
Cornwall Ex Hls	278 1/2	284	283	305.20	Tractebel SA
Crown House	387	330	225	91.23	Colaroli
Dale Electric	130	105	106	17.46	Sandwich Electric
DRE Technology	365	37	43	3.37	Perazzi
Edel	474	473	368	68.92	Belhaven
Garrinbels Bstrnt	265	259	260	29.03	Hilldown
Garrinbels Bstrnt	300 1/2	300	264	26.61	Fittard
Garrinbels Bstrnt	285 1/2	300	180	4.63	Robertson Res
Gould (L)	314	314	250	6.01	Yule Catto
Hallite	405 1/2	397	323	200.00	Tesco
Hillcrest	209	208	164	104.15	Ross
Hillcrest	200 1/2	200	178	103.28	Hudson Pl Inn
Ind Leisure	445 1/2	445 1/2	428	9.50	Sage East A/S
Jenkins Bros End	750 1/2	800	775	115.25	Brookville Secs
Jarvis (J)	104	95	80 1/2	46.08	Evered
London Ex Hls	534	965	700	241.54	United Newspapers
Media Technology	171 1/2	172	160	18.88	Lee International
Micro Scope	150 1/2	145	106	16.00	GEC
Michael Scott	62	68	54	20.00	Sater
Nationwide Ltd	77 1/2	77 1/2	77	8.30	Engle Trust
Norank Systems	229 1/2	234	247	11.14	Spang
Reahook	269 1/2	269	75	15.55	Yule Catto
Relay Leisure	198 1/2	190	148	14.21	Sepp
Saratoga Tech	257 1/2	265	107	45.69	Peak Ridge
Scott Greenham	289 1/2	275	185	65.96	Mr E. Randall
Sims Catering	136	136	136	13.6	Mount Chard
Sims Catering	148	148	124	251.91	Northlight
Sunlight Services	319 1/2	300	300	68.45	Davis (Geddy)
Trade From Servs	320	300	251	18.86	EMAP
Ud Leasing	265	265 1/2	265	200.00	Imperial B&B
WHL Bldgs	238	238	203	50.72	Granada

\* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. \*\* Based on 230 pm prices 5/8/87. †† At suspension. ‡‡ Shares and cash. ‡‡‡ Related to NAV to be determined. ‡‡‡‡ Loan stock. ‡‡‡‡‡ Suspended.

## PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£000s)	Earnings per share (p)	Dividends per share (p)
Airflow Stream	Feb	1,680 (987)	11.8 (6.0)	3.0 (1.5)
Baradon	Dec	252 (1,090)	0.6 (1.8)	0.6 (1.1)
Barrough J.	Feb	9,300 (8,670)	44.1 (35.0)	13.3 (12.0)
Carless Capel	Mar	3,800 (5,000)	1.1 (5.3)	2.7 (2.7)
Century Oil	Mar	8,900 (5,106)	1	4.1 (3.2)
Chamberlain & Hill	Mar	580 (53)	—	4.0 (3.5)
Chapman Ind	Mar	1,500 (1,000)	33.9 (10.9)	9.3 (8.4)
Chesterfield	Dec	8,429 (7,490)	—	12.3 (12.0)
CML Milk	Mar	1,620 (1,540)	10.5 (10.1)	1.2 (1.3)
Coalite	Mar	32,980 (28,110)	31.0 (26.7)	8.7 (7.5)
De La Rue	Mar	65,600 (49,400)	23.2 (27.5)	12.0 (10.7)
Dunhill	Mar	34,750 (20,090)	36.1 (22.0)	7.0 (5.5)
Electrocompans	Mar	40,500 (35,200)	35.5 (20.6)	7.4 (6.2)
El Oro Mining	Dec	1,555 (1,012)	10.7 (4.4)	—
English Ind	Apr	1,180 (1,180)	4.3 (3.9)	4.3 (3.8)
Exploration Co	Dec	1,481 (1,226)	8.2 (6.9)	3.6 (2.3)
Ferguson Ind	Feb	9,500 (7,510)	22.6 (16.9)	9.0 (7.7)
FKB Group	Mar	2,070 (1,490)	18.6 (4.4)	3.3 (2.5)
Gedwin Warren	Dec	812L (833)	—	2.0 (2.0)
Highland Part	Dec	638 (617)	—	—
Hill Ergonomics	Mar	704 (662)	4.9 (7.3)	2.0 (1.8)
Hill Samuel	Mar	42,900 (40,700)	45.6 (43.5)	14.9 (13.0)
Holmes Hydrexman	Mar	654 (622)	10.6 (7.7)	5.5 (5.2)
Hunter Saphir	Feb	2,730 (1,300)	10.9 (4.9)	3.3 (2.0)
IEL	Dec	4,500 (6,493)	6.5 (8.2)	0.8 (1.2)
Imry Ind	Mar	307 (1,247)	29.5 (—)	2.0 (—)
Jarvis Porter	Feb	2,410 (2,330)	9.5 (8.9)	3.6 (2.0)
Kennedy Steele	Mar	1,050 (735)	10.3 (10.1)	4.5 (3.0)
London Sec	Mar	1,600 (414)	4.3 (1.1)	—
Monks & Crane	Mar	2,000 (1,940)	10.7 (8.3)	3.1 (1.6)
Norcora	Mar	83,200 (45,100)	30.0 (21.4)	12.0 (9.3)
Normans	Mar	3,320 (1,510)	4.3 (2.5)	2.0 (1.9)
Ocean Wilsons	Dec	6,190 (6,160)	6.4 (5.5)	2.5 (2.3)
Plantsman Tel	Mar	66 (186)	0.7 (1.8)	0.3 (0.7)
Plyva	Mar	5,400 (4,420)	8.7 (7.9)	2.2 (1.9)
Powell Duffryn	Mar	37,000 (21,080)	28.3 (20.3)	18.5 (13.2)
Ranco	Dec	1,640L (958)	—	—
Red Ind	Mar	158,000 (127,400)	24.6 (17.6)	8.0 (5.8)
Riffe & Nolan	Feb	350 (51)	6.6 (1.9)	3.0 (2.0)
Sheraton Sec	Mar	4,630 (2,330)	3.4 (2.4)	1.1 (0.7)
Shield	Mar	1,090 (81)	—	3.0 (—)
Strickley	Mar	10,890 (11,610)	22.2 (23.8)	10.0 (17.5)
Smith New Court	Apr	10,417 (6,204)	20.8 (17.5)	5.0 (7.0)
Steele	Mar	1,630 (1,630)	0.2 (0.2)	0.2 (0.2)
Stearns House	Apr	123,100 (105,400)	21.8 (18.3)	6.6 (7.7)
Valer	Mar	1,730 (9,900)	24.9 (22.5)	6.5 (5.1)
York Tel	Mar	1,770 (507)	4.8 (—)	—



## MARKETS

## The Volcker enigma

PAUL VOLCKER, chairman of the Federal Reserve Board, has long been viewed as a demi-god by economic commentators and politicians around the world. But somewhere in his mind, there must surely remain the vestiges of an ordinary mortal sinner; and if there is even a trace of plain human vanity in Volcker, he must have felt at least a pang of disappointment on Tuesday after announcing his decision to step down.

Since Volcker has always been more sceptical about his omnipotence and wisdom than most of his admirers, he is unlikely to regret the loss of his two semi-official titles—“helmsman of the world economy” and “second most powerful man in America.” But Volcker must surely have reflected, if only for a few moments, on the amazing record of stability and sentimentality displayed by the financial markets.

Nobody could possibly have imagined a few weeks ago that the Dow Jones Industrial Average would “close” 42 points higher, and that the Tokyo-London stock markets would hit new records, on the day after Volcker bowed out.

Who would have thought that the Dow would show a drop of only 30 points at its lowest point, just after the Tuesday, as the news from Washington came across the wire? Or that the Dow's losses would be retraced in less than an hour? Or that the total trading volume on Wall Street would average only 150m shares in three

days after Volcker announced his departure? Dealers could hardly have been less impressed if the man leaving were chairman of the Stock Exchange catering committee. Admittedly, the dollar and the US bond market suffered some nasty setbacks on Tuesday as news of Volcker's departure flashed around the world. But even in these markets, it took less than 24 hours for investors to regain their composure.

By Wednesday it was business as usual, and by Thursday the dollar had bounced back above its level of a week earlier against the D-Mark and the yen.

## Wall Street

The lack of reaction might have been understandable if Volcker's going had been widely forecast or leaked. The overwhelming majority of analysts thought he would be offered reappointment when his term expired in August.

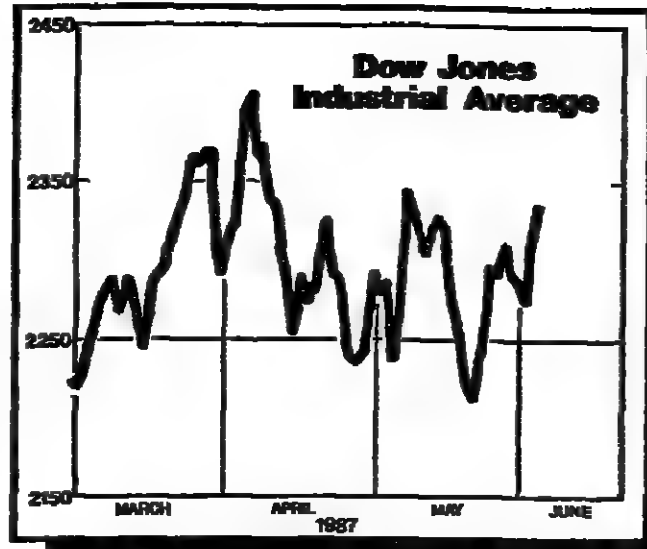
People claiming to be friends and confidantes of the Fed chairman almost invariably suggested he would continue in the job if asked to do so, despite the temptation of multi-million dollar offers which would flow in from Wall Street the moment he retired. Thus, it is impossible to suggest that the markets had already discounted the likelihood of his departure.

To make matters worse, there were strong hints in the speculative stories which started flowing from Washington on Tuesday that Volcker's decision was not a purely personal matter. There seemed to have been terms on which he might have been prepared to accept reappointment, but President Reagan was evidently not willing to offer them.

The world might never know if Volcker actually did lay down conditions for staying and what these conditions might have been. The Washington gossip centred on the possibility that he asked for serious action, including tax increases, to cut the budget deficit. An alternative theory was that he simply demanded firm and open-ended guarantees of support for Fed monetary policy in the coming election year.

Regardless of the plausibility or otherwise of such speculation, the markets could all too easily have been spooked even by the hint of a policy disagreement contained in the comment which Volcker made twice during Tuesday's press conference. There were no differences of opinion “on any issue of monetary policy at the moment,” he said.

Volcker is a virtuoso of ambiguity and understatement. No public figure in the world understands more clearly that words unspoken can echo far more loudly than the most stentorian speech. It is hard to resist the conclusion, therefore, that some differences of



opinion between himself and the White House did exist.

Part of the markets' extraordinary indifference to Volcker's departure is, of course, a tribute to Alan Greenspan, who will be taking over at the Fed in August. But this, too, is somewhat surprising for Greenspan's reputation as a public figure dates back to his stint at chief economic adviser to President Ford from 1974 to 1976.

This was a period which few investors consider to have been the heyday of US policymaking. Greenspan's standing as a private economic consultant depends in part on his outspokenly bearish views about the dollar—views which he was forcefully repeating as recently

as Wednesday last week when he reportedly told an investors' meeting in Chicago that a further substantial fall in the dollar was “inevitable.”

It seems, then, that there is only one convincing answer to the mystery of how the financial markets around the world can go on rising without Paul Volcker's broad shoulder to rise on.

Prices go up because there are more buyers than sellers.

Prices go up because there are more buyers than sellers.

Anatole Kaletsky

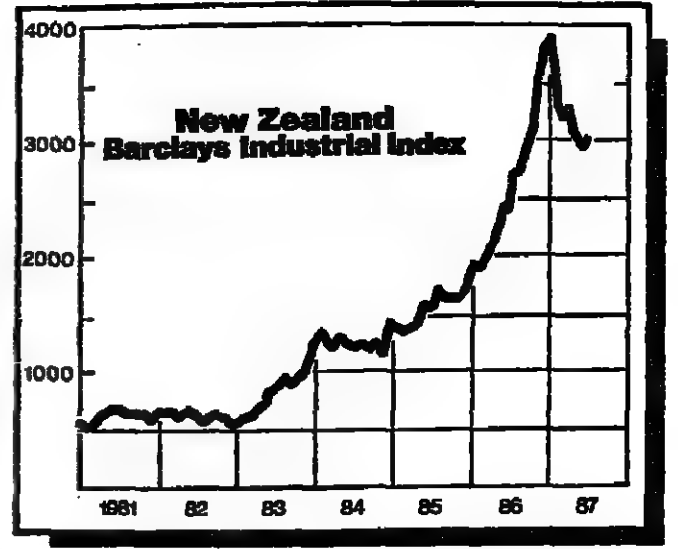
## Boom and bust

THE New Zealand share market, which soared to giddy heights last year, is still performing spectacularly—but mostly in the opposite direction. The Barclays index peaked last November at 3,915. But after the Christmas shut-down, which lasted twice as long as usual to help brokers clear the paper backlog, the market reopened on a weak note and the downturn gradually accelerated.

By late April, the index was just above the 3,000 mark. On May 18, there was the biggest one-day fall in history, with a loss of 174 points cutting the index to 2,813 and wiping billions of NZ dollars off share prices.

There was panic selling by thousands of small investors, who had played an important part in the market's meteoric rise during the previous two years but had been made nervous by the decline since the beginning of the year. The final straw was a combination of several bearish news announcements and the recommendation by an influential share tip sheet—the “A Letter”—which advised its clients to quit all NZ stocks.

After this debacle, the market



was left showing a decline of 28 per cent from the November peak. Since then it has continued to fluctuate nervously, with recoveries in share prices being largely eroded by further selling (although there has been a firmer tendency in the past week or so).

Some shares have dropped by as much as 75 per cent, while declines of 50 per cent and above are quite common. Stockbrokers argue that the shares of many leading companies are now at bargain price levels but, so far, limited buying by some institutions and big private investors has failed to restore confidence.

The role of small private investors has been something of a phenomenon in New Zealand during the past four years. The outstanding success of a few big investment companies, led by Brierley Investments, focused attention on the share market and attracted thousands of people who had never dabbled before.

They were greatly encouraged by its performance. In the five years up to the end of 1986, it gave investors the best return in the world. The average rate of return on NZ shares during that period was 41.9 per cent a year. This compared with 26.5 in the UK, 16.3 in Japan, 14.5 in the US, 12.8 in Hong Kong and 9.9 in Australia.

In 1983, when both property and investment companies boomed on the NZ stock market, the rate of return was a staggering 119.4 per cent. Everywhere, from housewives to university students, climbed on the band wagon and became regular investors.

For many, share dealing replaced betting on the horses, with the added attraction that there appeared to be only winners on the stock market. This led to the creation of thousands of investor groups—made up of 10 or 12 friends or

work colleagues contributing a weekly sum. Members met regularly to discuss which shares to buy. The amount contributed by individual members was usually small—\$NZ 50 was an average. But collectively, multiplied by the thousands of clubs formed, it made a sizeable amount of money going into the share market each month.

Many fortunes were made in this way—at least on paper. This was fine while the market continued to rise and rise. But as soon as values started to decline, small shareholders—some of whom had borrowed

## New Zealand

money to invest—became nervous, since they could not afford big losses, and decided to sell.

A further encouragement to get out of the market was provided by NZ interest rates remaining stubbornly high. One year deposits can earn 21 to 23 per cent; short-term loans up to 25 per cent; and three to five year government bonds pay 17 per cent. Many investors decided to take their money out of shares and put it into more reliable fixed interest instruments with a high guaranteed return.

The irony is that the slump in the stock market has come just at a time when all the economic indicators for the country have turned up, indicating a brighter outlook.

Few brokers or analysts now are prepared to predict when prices will settle down or level off. What is certain is that many of the small investors, facing losses after the boom period, are unlikely to come back into the market for some time, if ever.

Dai Hayward

## Nevada goes for gold

GOLD SHARES rose so much faster than the bullion price earlier this year that even stockbrokers keen on gold started warning their clients to watch out for a fall.

In the event, shares have come back by nearly 30 per cent since their peak at the end of April, compared with a modest decline of less than 10 per cent in bullion.

This is as it should be—gold companies' profits on average go up by 80 for every \$1 increase in the gold price, so the shares are more volatile than the metal.

The setback has, however, prompted City analysts once more to start looking for likely stocks to buy.

The desert state of Nevada, in the western US, is one of the regions attracting the most attention. Nevada was first mined by the 19th century pioneers. Between 1880 and 1890, some 8,25m ounces of gold and 182m ounces of silver were extracted from the arid country.

Modern miners have concentrated, as so often elsewhere, on the areas immediately surrounding the old workings, looking for low-grade surface ore that can be processed only with the help of leaching—a newly-developed method in which gold is extracted by pouring water-borne chemicals over crushed ore.

Newmont Mining, which has since floated its assets as Newmont Gold, led the way with the Carlin mine built in the 1970s and followed this up with the discovery of nearby Gold Quarry, where at the latest count there are 197.8m ounces of proven and probable reserves at 0.042 ounces of gold per short (American) ton. This is some 67 per cent of Newmont's total reserves.

Another important Nevada producer will shortly be offering shares to outside investors for the first time. FMC Corporation, the Chicago chemicals-based conglomerate, is joining the bandwagon of companies which have floated off gold subsidiaries. It is selling 11 per cent of FMC Gold, or 7m shares.

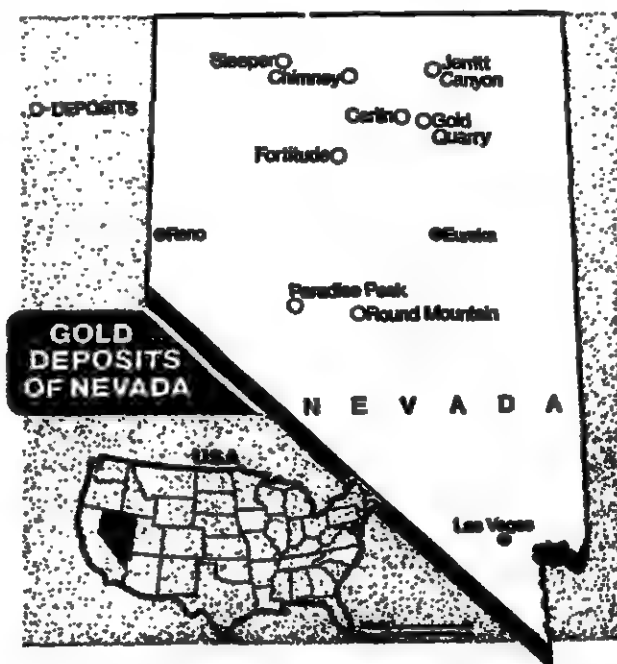
## Mining

half of which will be sold outside the US. The company, which had 224,500 ounces of gold production, plus 1m ounces of silver in 1986, has stakes in two Nevada mines. It has 30 per cent of Jerritt Canyon, where Freeport Gold has 70 per cent and is the operator, and 100 per cent of Paradise Peak. In both cases, FMC found the gold in the first place—which is a good recommendation for its exploration skills.

Consolidated Goldfields, which has been more successful than most US groups looking for gold in America, has a first-rate Nevada property—Chimney Creek, which comes on stream next year. But investors looking to invest in Nevada per se might be better off considering Battle Mountain, which runs Fortitude, at 260,000 ounces a year, this is the third-largest US mine.

However, the most exciting recent Nevada news has come from American Barrick Resources, the group which caused a further buying spree in Consolidated Gold Fields. Barrick has struck gold deep underground at Goldstrike in northern Nevada. Test drill reports of 0.3 ounces per ton set the markets buzzing.

Stefan Wagstyl



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## Lucy Kellaway checks on British Gas shares

# Wake up to pay up

THOSE SLEEPY investors who wonder why their British Gas shares, which were worth 118p at the beginning of the week, were worth about 180p by the end, had better wake up.

From last Monday the share price included the second instalment of 45p, due to be paid by 3 pm this Monday at the latest. Shareholders who do not get their money in on time stand to be severely punished—perhaps losing their shares, their dividends and all their shareholders' perks. Judging from the Government's decision to publish last-minute advertisements in tomorrow's papers, many stragglers may be at risk.

However, the vast majority of the 3.1m investors in British Gas are well aware that the time has come for the second instalment, and most have decided to meet the demand for an extra 45p a share. There has been no rush of selling—nearly all of the 1m investors who have bailed out since the flotation

did so almost at once, cashing in on a slightly disappointing windfall of about 12-20p a share. Indeed the payment of the second slice of the shares if anything did British Gas shares some good last week. It prompted a flurry of brokers' circulars, nearly all of which concluded that the company was undervalued.

Since the flotation last November the shares on a fully paid basis have only just kept pace with the market. There has been a distinct shortage of news from the company since the flotation. The view of the no-nonsense chairman Sir Denis Rooke that privatisation would not change the company one jot, seems to have been borne out.

British Gas was not sold as a go-go stock, so if it manages to track a sharply rising stock market, shareholders perhaps should not complain. However, until last week's rally, the shares had been dreary when

compared to the high time that the oil sector has been having. The prices of BP and Shell (which the Government took into account when fixing the British Gas price) have risen by about 30 per cent so far this year.

Although British Gas is naturally less affected by the rise in the oil price than the oil majors, it will nevertheless feel some benefit as higher oil prices trickle through to higher gas prices. Most brokers are expecting British Gas results, due later this month, to be comfortably higher than the forecast made at the time of the flotation.

Over the next few days the election may prove more important for the shares than the prospect of good results. The promise of a return to some form of social ownership under a Labour government—which would probably mean that British Gas shares were replaced by non-voting securities



Sir Denis Rooke

— makes the shares a good punt on the outcome of the election.

However, it seems that foreign investors, in particular, are taking no chances on the opinion polls. So if the Conservatives win the election by this time next week the Japanese may have rediscovered their appetite for British Gas shares.

## Alan Pike goes down among the fund-raisers

# Charity suffereth long

THE BOOK of Common Prayer may tell us that all our doings without charity are worth nothing, but a report from the National Audit Office could leave some people with the impression that all our doings for charity are worth nothing.

St Paul's comforting assurance that charity never faileth cannot be extended to large numbers of charities. Many regularly fail to submit accounts, notify address changes to the authorities and operate in an efficient, businesslike way.

Such generalisations cannot be applied to Britain's larger charities, some of which have management structures and financial controls to equal those in the commercial sector. But the National Audit Office's suggestion that charities are not adequately monitored and controlled comes at a sensitive time.

They already collect and spend more than £10bn a year. With the introduction, two months ago, of a Government

scheme giving tax relief on payroll donations to charity, they are hoping to increase this sum. The task will be made more difficult if donors are worried about how their money is handled.

Much of the concern and confusion about charities arises from public misunderstandings about the powers of the Charity Commission, and the status of the register.

The National Audit Office found this register unreliable and out of date. What is not always recognised is that the register, regardless of its quality, is not a list of approved or vetted charities to which the public may contribute with confidence.

The charity commissioners, acting in a legal capacity, are required to register institutions whose objectives fulfil the law's requirements as being charitable. They do not test the worthiness or likely efficiency of an organisation.

Classing this state of affairs as not as simple as it might

appear tempting to do so. A more selective system of registration could quickly involve political judgments about the appropriateness of particular charitable objectives.

The commissioners have themselves suggested possible ways of tightening the system, while maintaining Britain's tradition of independent charities. One way would be to have a period of initial probationary registration, during which new charities would have to show that they were fulfilling their declared objectives. Another would be to allow the commissioners to suspend or remove charities from the register if they were improperly administered, and distribute their property to other charities.

Under the 1966 Finance Act the commissioners have been given new powers to investigate the possible misuse of charitable funds when complaints are referred to them by the Inland Revenue—although the commissioners who, as the National Audit Office report acknowledges, have long suffered from staffing constraints, stress that they do not have the resources to go out seeking abuses.

A working party set up by the National Council for Voluntary Organisations (NCVO) recently completed an investigation into fund-raising which suggested that malpractice is not widespread.

It did, however, identify some areas where it believes action is required. These include the ability of professional fund-raisers to retain excessive income for their work; aggressive or emotional fund-raising methods; the inability of charities to control the use of their names by fund-raisers; and offering goods for sale on the basis that an unstated proportion of the proceeds will go to charity.

## Long hop

WHATEVER NEXT? After figures, the Thornton group is naming its latest fund the Kangaroo unit trust.

No prizes for guessing that the trust to be launched on Monday will specialise in Australian stocks although up to 10 per cent may go into New Zealand equities.

In spite of the poor performance (from the UK investors point of view) of many Australian funds during the past few years, Richard Thornton is confident that there is considerable potential for making money down Under by picking the right stocks. He says other groups have suffered by investing in natural resources companies. Instead, he believes, the real potential is in Australian industries.

The Thornton group strongly feels that the price of gold is now linked with the value of the Japanese Yen, not the US dollar any longer. Gold, in its view, can be viewed as a yen substitute so Australian gold mining shares are likely to move in tandem with the yen.

Following the same theory, Australian industry should benefit from being in Japan's backyard with the rise in the yen eating back Japanese exports and encouraging them to switch production into neighbouring countries in the Pacific Basin.

Mr Thornton claimed Australia had some of the best entrepreneurial managers in the world. What he did not explain was why so many of them seem so keen to invest their money abroad rather than domestically.

Minimum investment in the Kangaroo Trust is £500 and the initial offer period will last from June 6 to 24.

John Edwards

## Funds used up

HINTON and Wild has been forced to suspend its Home Cash Plan because it has proved too popular.

Details of this new type of plan enabling elderly people to release capital from their homes were announced at the end of March. The special feature was that homeowners could realise a capital payment on the value of their house and also benefit from any future rise in the value.

Cecil Hinton, designer of the scheme, had intended it to run alongside his existing home income plan. But people seem to prefer capital to income, so

applicants were using the new scheme as an alternative to the income plan.

Hinton and Wild was flooded with applications—7,000 in the first seven weeks. The £5m of funds allocated by Business Mortgages Trust has been used up, so Cecil Hinton has had no alternative but to suspend the scheme.

The scheme is being reviewed by Business Mortgages Trust and Cecil Hinton is also looking for other institutions to provide funds.

Eric Short

## Vintage values

SOTHEBY'S record wine sale in London on Wednesday indicated good news for the consumer. A glut of very fine wines of the past decade has seen prices falling, or at least holding, over the last two years while French producers, particularly in Bordeaux, glumly survey rising stocks. A total of £500,000 was made in the two-part auction, almost double the sum Sotheby's usually expects to raise at one of its eight major wine auctions held annually in London.

But it wasn't all bad news for the merchants: the morning sale of fine and rare vintages reflecting a growing interest in this specialised market and produced some new record prices. David Molyneux-Berry, Sotheby's wine expert, said: "It was a tremendous success."

The top lot was an 1874 bottle of Chateau Lafite, estimated at up to £1,600, which was bought for £2,420 by an American private buyer. Five bottles of top vintage Lafite made more than £1,000 and an 1859 Chateau Mouton Rothschild sold for £2,200.

While the more fashionable recent wines, including Chateau Latour 1982 and Chateau Haut Brion 1982, performed well in the present market conditions, reaching the top or middle of their estimates of up to £650 a dozen, others, like Chateau La Lagune 1982 were selling for about £130 a dozen and several similar lots were left unsold. A dozen bottles of Chateau Beycheville 1982, which sold for up to £200 two years ago, went for £130 on Wednesday.

In this case, though, stagnant prices indicate over-supply rather than poor quality. "Years like 1982 are very special," said Mr Molyneux-Berry. "They're a bit like a bespoke suit—you don't see them that often."

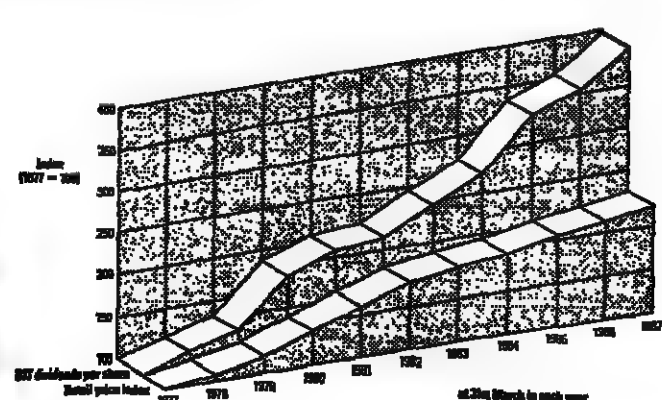
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Earnings per share	15.27p	15.27p	+13.1%
Dividend per share	17.00p	15.20p	+11.9%

### Dividend Profile



Copies of the Annual Report may be obtained from the Secretary The British Investment Trust PLC, 46 Castle Street, Edinburgh, EH2 3ER, Telephone 031-225 2266.



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# Stars show a rise

**MURRAY**











## • COLLECTING •

Antony Thorncroft reviews the 'London Season' for antique dealers, exhibitors and auction sales

## Do it in hope of fair advantages

JUNE 15 is the month in which the International High Society comes to London—for the Derby, for Wimbledon, for Ascot, and—increasingly—for art. This gathering of the rich has been seized on by antique dealers and the salerooms as a wonderful opportunity to present their best and glitziest wares to a relaxed audience; almost by the day a new fair opens, a new exhibition is shown by a big dealer and the auction houses mount their choicest sales.

The smartest fair, in terms of the quality of the items on offer (and steepness of the prices) is at Grosvenor House. It opens on June 10. But just before that, and for the first time overlapping it slightly, there will be Olympia, a much larger enterprise, opening on June 4, aimed at the financially comfortable rather than the mega-rich. There will also be plenty of dealers in attendance, keen to cream off the pick of Olympia's 280 stands, and, perhaps, transport the treasures across London to Grosvenor House, with a reassuring mark-up.

Apart from these two general sales the International Ceramics Fair and Seminar, starting on June 12, will be attracting enthusiasts from around the world, and on June 23 the London Antiquarian Book Fair will be catering for the needs of bibliophiles. In addition the streets around Mayfair and Piccadilly will be bubbling over with special shows, and Sotheby's will be offering top quality paintings, furniture, ceramics, and British Rail's collection of Old Master prints (on June 28), with Christie's weighing in with much of the same.

This selling spree is taking place with the trade in moderately optimistic mood. It is always difficult to discover a happy antique dealer, but the past year has been generally good, especially at the top end of the market. Middle priced items are doing middling well; but there is little interest in the cheap and cheerful—or the blatantly second rate.

The main problem is finding antiques of sufficient quality, especially among furniture and pictures. Owners are well aware of the appreciating value of the possessions and are reluctant to sell; they know they will not be able to replace their antiques at a reasonable price. So anything which appeals to the international market is fetching a very high price, especially at auction, where dealers are increasingly forced to go for their

stock. The latest Sotheby's Art Market Bulletin shows English furniture appreciating on its Art Index from 337 at the end of March 1986 to 671 12 months later. Impressionist paintings have jumped from 487 to 628 in the same period. Since March prices have accelerated.

Whether current high hopes are translated into brisk trading depends to a great extent on the Americans. Last year they were thin on the ground, and although continental and, at last, some new British buying made good much of the gap, their absence was felt. There were not as many American dealers at the Bath Fair last month as there had hoped for but hotel bookings during Grosvenor House are at least an improvement on 1986. It is not terrorism fears, but rather the fall in the buying power of the dollar which most inhibits American buying this month.

But they should be tempted by the goodies at Grosvenor House. The 86 dealers bring out all their best and most expensive works of art, and judging by the fact that dealers are very reluctant to forego their pitch in the Great Room, they obviously do encourage business—if not with sales on the spot then in meeting eager customers who join them back at their shops. This year there are a few new faces, notably Didier Aaron, the leading French furniture dealer who has recently set up in London, and Mayores, which is bringing textiles to the fair.

The Great Room is always an overpowering spectacle. This year it should look even better, thanks to a £3m refurbishment which has improved the air conditioning, and the inspiration of inviting 10 fabric houses—of the status of Colfax and Fowler and Laura Ashley—to produce backcloths for the artefacts on selected stands. In addition Grosvenor House is taking an admirable lead from the International Ceramics Fair: it is organising lectures on heritage matters during the second week.

This has always been primarily a furniture fair. The likes of Norman Adams, Apter-Fredericks, and Mallett at Bourdon House will be offering fine examples of English furniture, a sector of the market that has almost doubled in price in the last two years. But now the picture dealers are enjoying Grosvenor House, and although they have doubts about the changes in the layout of the stands, which places four dealers in a



Japanese Arita, late 17th century: a rare pair of porcelain boys (35.4 cms high), each with a little dog at his feet, shown by Spink at Grosvenor House.

row, they carry high expectations.

In particular, David Messum will expect intense current interest in British Impressionist pictures to repeat the experience of last year when he introduced these comparative novelties to the fair and sold the lot. This time he has fine paintings by Stanhope Forbes and Harold Harvey on offer, at £75,000 each, as well as works by Laura Knight and other Newlyn and Glasgow School artists. Whitford & Hughes is offering Belgian artists of the turn of the century, while Johnny Van Haeften continues to satisfy the British—and American—love of Dutch and Flemish paintings of the 16th and 17th centuries.

Spink always takes the largest stand, in keeping with a history that stretches back over three centuries. This year it has a

good display of oriental works of art as well as silver and pictures. In particular there is a pair of 18th century porcelain ladies, dressed in contemporary fashion, of great appeal. In contrast are the rougher ceramics of the Han dynasty of almost two millennia earlier.

At Harrie Wynter there are scientific and medical instruments, and the Lavenders offers a miniature, by the famed Nicholas Hilliard, of Anne of Denmark, wife of James I. S. J. Phillips reflects the renewed interest in 19th century jewellery, while Mags returns with rare and costly books. Maureen Thompson specialises in glass, and has Georgian decanters on offer for under £200, while Bluetts is one Chinese dealer who takes space at the fair.

The Grosvenor House has few inexpensive items and the

upper limits are £250,000, plus. But dealers are prepared to haggle, within reason, and you will certainly get a completely genuine, beautifully conditioned antique. Given the shortage of quality items most dealers are only too pleased to offer a buy-back guarantee. If the prices make this a fair for the rich, overseas collector, the British gawper will get for his or her £8 admission fee, a catalogue and the chance to see the Queen's purple velvet robe, worn at her Coronation, and one of the exhibits in the loan display from the Royal School of Needlework.

Grosvenor House gets about 20,000 visitors: there will be more at Olympia, which is a much jollier experience altogether, with almost 300 exhibitors crammed into two levels. (The top of the market is

in the gallery, while the more popular stands crowd the ground floor.) You can buy collectibles here for £50, or even less, and the range is enormous. Even so, every object on display has been vetted. Go early, before the dealers have creamed off the best. It is also slightly worrying that at Grosvenor House, purchasers of a £50 ticket to the charity preview on June 9, will be able to put a marker down on objects that catch their mellowed eye.

Not all the excitement is taking place at the fairs and in the salerooms. Some of the top dealers eschew fairs, confident that the quality of their stock will draw in their regular (and new) customers. On June 8, Eskenazi, one of the leading dealers in oriental ceramics, will be holding its first exhibition devoted entirely to Tang Dynasty works of art.

Eskenazi clings to the old-fashioned view that you do not sell through such exhibitions items bought at auction. It is always something of a shock to come across, at a fair in particular, a painting or a silver tureen which the dealer has bought recently at Sotheby's or Christie's and now offers quickly back to the market with a 50 per cent or so mark up. All the objects at Eskenazi have been purchased privately. They include an earthenware camel, with a £225,000 price tag, a pair of glazed earthenware figures that would have guarded a tomb, for £250,000; and a glazed prancing horse for £110,000. Chinese works of art of the finest quality remain in the market because of the international demand, and the increasing interest of American museums as buyers.

We are approaching the time when caution is needed in the antique markets. At the top end, prices should remain high and rising—the disappearance of objects abroad, and into museums, ensures scarcity. But it is a pity that more and more art markets are becoming prey to collector-investors rather than collector-connoisseurs.

There is no certainty that works of art will hold their value, and they should never be regarded as alternative investments. Anyone who buys under the motivation of a capital gain will be disappointed: anyone who buys because they fall in love with the object will be well rewarded. This month, in London, there will be marvellous opportunities to acquire such a life-long treasure.

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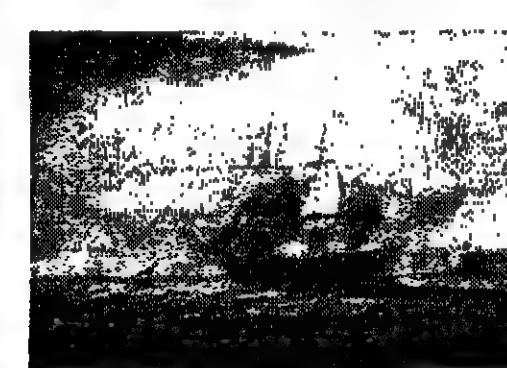
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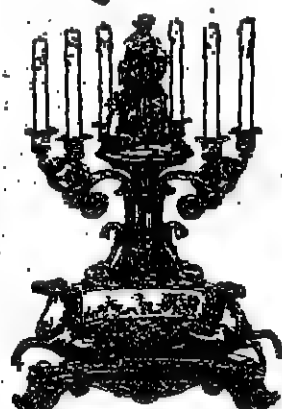
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## Holly Smith follows villa buyers to the mountains

## Take to the hills

SPAIN'S Costa del Sol is now awash with residential property for sale. Red-roofed, white-stuccoed units are everywhere, plastered with signs beckoning buyers.

Prospective purchasers who find themselves driven cross-eyed by all this choice have a shortcut at their disposal. They can opt to buy the kind of property that local property developers have chosen for their own homes.

If they take this lead, they'll find themselves going away from the beach front and back into the mountains overlooking the coast. Take developers and property experts like Mrs Elizabeth Woods, the Sturgis family, and Eduardo Massoud, they've all headed for the hills and settled in spacious single-family homes on generous plots of land.

They cite the views, the slower pace, and the feeling of living in "the real Spain" as some of the reasons why they have left the beach property to the tourists.

Mrs Woods, owner of Fincasol, a large property company specialising in property along the coast and the hills behind it, lives on the edge of a village called Jimena, a cluster of whitewashed homes on a hillside about half an hour's drive from her office in Sotogrande on the coast.

She and her husband built the home seven years ago, on a three-acre site, incorporating old material such as antique hand-painted tiles, beams and doors.

The three-bed, three-bath home has a swimming pool at the rear, spectacular views all around, and a lush vegetable garden. Near the entrance gate are a half dozen brown Iberian pigs that add a picturesque touch. They're not there to provide atmosphere. "They get eaten,"

She estimated that her property was probably worth about £300,000, but quickly added that it's not for sale.

The Sturgis family, owners of Sturgis and Son estate agencies in London and Marbella, live in a development called El Madroal, about five kilometers north of the coastal town of San Pedro to the west of Marbella. Martin Sturgis said the family has been dealing in Spanish property since the mid-1980s, and his father George spends about nine months a year there.

Their three-bedroom home on a one-acre site has a swimming pool and a garden with orange trees, vegetables and flowers. It's positioned to afford views of the sea, the town of Marbella and La Concha—the mountain that towers over Marbella. Explaining the allure of the El Madroal neighbourhood over

the coastline property, Martin Sturgis said, "you get the Spanish influence, the views, and you don't get all the razzmatazz."

Eduardo Massoud, a Lebanese developer whose family built and operate the Coral Beach residential complex near Puerto Banus, lives in a five-bedroom villa in the hills above Puerto Banus in an area called Las Brisas in Nueva Andalucia.

"You have a very nice view," he explains, adding that the three golf courses nearby are another reason he wanted to live there.

The problem of how the mountain dwellers can get easy access to the beach is something that he's solving at Coral Beach. For the equivalent of £9,000, people can join (if they're accepted by the membership) the Coral Beach Swimming Club, which buys them a beach cabin where they can change their clothes and keep their beach gear, and gives them access to the Coral Beach pool, bar, and parking facilities. Twenty of the 100 memberships available are already sold.

Naturally, mountain living isn't necessarily ideal for everyone. People who love the beach, for example, or who plan to use the property just for holidays might well want to stick to the coastline. Sometimes people who would



Fincasol offers this converted farmhouse in Spain on 15 acres for £70,000.

rather be close to the beach and the bustle along the coast are forced inland because of the high prices and the scarcity of beachfront or beachside property, says Christopher Clover, sales director for the estate agency Panorama in Marbella.

He is in the process of moving into a spacious inland home with a swimming pool on one-and-a-half acres on the Istano Road, northwest of Puerto Romano. He would have seriously considered being closer to the sea, he said, if what he wanted had been available there.

Clover said about 75 per cent of the beach property sold is bought by people with children, because the parents want their

children to have easy access to the water. That includes not having to cross the busy highway that divides the hills from the shore.

Buyers in the market for inland property near Sotogrande would pay about £15,000 for a vacant three-acre site with out services, said Elizabeth Woods, adding that new planning restrictions require that a building site has to be a minimum of six and a quarter acres, unless it already has a cottage on it. She added, "You could pay as much to put in the services as to put in the house."

Houses that Fincasol builds for clients on the Sotogrande estate, which is slightly inland, range from £50,000 to £250,000, she said.

At the lower end of the market, Fincasol offers townhouses in the "White Villages" in the hills that cost an average of £20,000.

Martin Sturgis said prices in El Madroal and the neighbouring estate of Las Colinas sell for more than £500,000, and average about £200,000 in the Los Alamos development nearby. He said resales in these areas are easier to achieve because all the sites are already sold and developed—buyers can't be enticed by a brand new property going up close by.

Kesales are a problem along the coast for just this reason, he said—people prefer to buy new property over used property when they have that option.

## French tranquillity for sale

ATTRACTIVE, reasonably-priced holiday or retirement homes within easy reach of the Cote d'Azur but away from the Riviera's tourist and traffic congestion are not easy to find. However, a pleasant one hour drive from Nice brings you to Domaine des Mas de Saint-Pierre, where a little corner of French tranquillity is now up for sale.

Swiss developer Genco S.A. is completing 100 units of studios, 1 and 2 bedroom flats, and 2 and 3 bedroom villas in simple and tasteful exterior designs which don't clash with the nearby Roman village of Plan de La Tour.

"We build in the traditional way; these are not prefabricated houses," says Paul Philippaet, the civil engineer managing the project. Recent alterations to the building plan and drawings allow greater flexibility for the purchaser in the interior design. Facades are of three basic designs, but distinct in appearance without looking fussy or twee. Roofs are of old tiles to blend in with those of the village.

When the project is completed next year, the roads will be turned over to the town by the residents' organisation,

established by French law, and maintained by the municipal authorities. This mutually satisfactory arrangement has developed from Genco's excellent relationship with the local mayor, Marcel Aumeran, who at 85 is France's oldest serving mayor.

More than 60 units are finished, and most of those are sold. Eight new villas are nearly completed and selling well. People are aware how expensive it is to find any decent property on the coast and are realising that "if they are not in the first line on the sea, it is better to be on the tenth line inland," Paquet explains.

To date, there are 13 Britons among the mainly French owners, plus a few assorted Europeans. Prospective British buyers include a Queen's Counsel and a British record producer and his singer-songwriter wife. Both couples were duly impressed on a recent inspection tour both by the country setting and the quality and design of the properties.

Construction is underway on 19 apartments, with some villas to follow. Genco is professional in its management of the building works, assuring that the peace of the development remains relatively undisturbed so that residents do not feel they are living on a building site. Roads are freshly-gravelled, common areas neatly maintained, and the swimming pool and tennis courts are in excellent condition. There's also a nine-hole golf course at Beaurivallon, and a 36-hole course is planned for Ste. Maxime.

For shopping, just stroll 500 metres into the village where there is a weekly fresh market, or drive the eight km to the market in the town of Ste. Maxime. "Plan de la Tour is not living by tourism," says Philippaet. "It is a living area, and it is calm in the season."

Le Jardinier restaurant in the centre of town is a friendly place which serves good fresh food, while Hotel Mas des Bruguassieres is a simply, pretty,

comfortable establishment where £30 gets a double room with bath and a quiet night's sleep. Just over the road, the more fashionable Hostellerie Pont Romano boasts a three-star restaurant.

However, it must be said that Domaine des Mas de Saint-Pierre is not for everyone. It is neither a purpose-built holiday nor a retirement complex, but a group of houses and flats which is part of a small provincial French village. Hence, few people speak English.

Very much a "get-away" place, it is insulated rather than isolated from the high life on the coast, but it can require a certain individualistic and internationalist spirit to live with the French, not just among them.

Studio flats, which are small but bright, offer 28 square metres of living space, not including the balcony or terrace, and start at £18,000 (£23,500). One-bedroom flats begin at £44,800, and two-bedroom ones at £67,000. Villa town-

houses start at £57,500 but one can easily expect to pay at least £100,000 for a comfortable 3-bedroom one. Prices include VAT.

The architects and engineers have taken care to preserve a scenic view for each unit by grading the development so that windows are at elevations above neighbours' rooftops. All properties have a balcony and terrace or garden, although gardens are small. Rooms are not spacious, nor are they cramped. Bedrooms have cupboards, and bathrooms are well-fitted and of reasonable size. The villas have two full baths.

All properties are equipped with water, electricity, telephone, and sewage connections and kitchens are fitted with ovens, refrigerators, electric cookers and installation for a washing machine. Although they are not large, the kitchens are sensibly designed, with adequate working space and ease of movement between sink, refrigerator and cooker. Purchasers may choose from a

selection of kitchen finishes. A reservation deposit of 5 per cent is required and will not be refunded once the reservation contract is signed. Payment is then made in stages throughout completion of the building—if it is not already built—with the final 10 per cent paid when the keys are handed over. Most British purchasers have been paying cash in full, but a few have raised mortgages in the UK.

For UK purchasers, the British agent, Kenning Atlantic Ltd., has come to an arrangement with Prudential Property Services (PPS) to finance sterling-denominated mortgage loans. PPS is active in providing finance for foreign property purchases in Spain and Portugal as well, and can arrange remortgages, and second mortgages if necessary. The arrangement for properties at Domaine des Mas de Saint-Pierre is more straightforward because the properties are new.

For further information about Domaine des Mas de Saint-Pierre or to arrange an inspection visit, contact Maurice Lazarus, Kenning Atlantic Ltd., Kenning House, 18 Hanover Street, London, W1R 0BE. 01-499-8313

Susan Hart

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## Booming and under-funded

FOR OUR leading museums and art galleries, the precious few who are funded directly by the Government, this is both the best of times—and the worst of times.

The best because they have been given some freedom and can now hang on to any money they raise from their shops, restaurants, publishing activities, etc. and because there is a growing enthusiasm for museums, reflected in such tangible gains as the recently opened Clive extension at the Tate to house the Turners; the go-ahead for the Sainsbury addition to the National Gallery which should open in 1991; the planned "Tate of the North" by the Mersey; and the steady refurbishment of key galleries at the Victoria & Albert, to say nothing of its courtyard which blossoms again this month.

But it is the worst of times because the Government has under-funded the museums for the past three years in a steadily more debilitating fashion. The Natural History Museum is representative of them all. It received around £12m from the Government this year, a rise of 3 per cent. But wages and salaries account for 80 per cent of its costs, and, through negotiations with Civil Service unions in which its plays no part, its wages bill will rise by over double the increase in its grant. As a consequence the Natural History Museum has been forced to introduce admission charges from April 1 in an attempt to close a deficit of £1.5m which threatens to destroy the Museum's reputation as an international centre for education and enjoyment.

The short-sightedness of the Government's attitude is well illustrated at the Tate. Thanks to the generosity of Mrs Vivienne Duffield it has gained a grand new gallery. But with no extra cash to staff it has had to close galleries in its main building to find sufficient wardens. The National Gallery is 20 warders short. The directors of our leading museums are no longer prepared to remain silent in the face of this unceasing battle to try to raise funds from business, friends and other sources, to make ends meet. Sir David Wilson of the British Museum has complained bitterly in public. Sir Michael Levey made it his despairing swan-song when he retired from the National Gallery in December: it has helped to persuade Sir Roy Strong to quit the V & A.

On top of the niggardly revenue awards the museums purchase grants have been frozen for three years, which means it is virtually impossible for museums and galleries to enhance and stimulate their collections, particularly at a time of booming saleroom prices for works of art. The National Gallery gets £2.5m a year to add to its collection; it could not buy even half a decent Monet for the price.

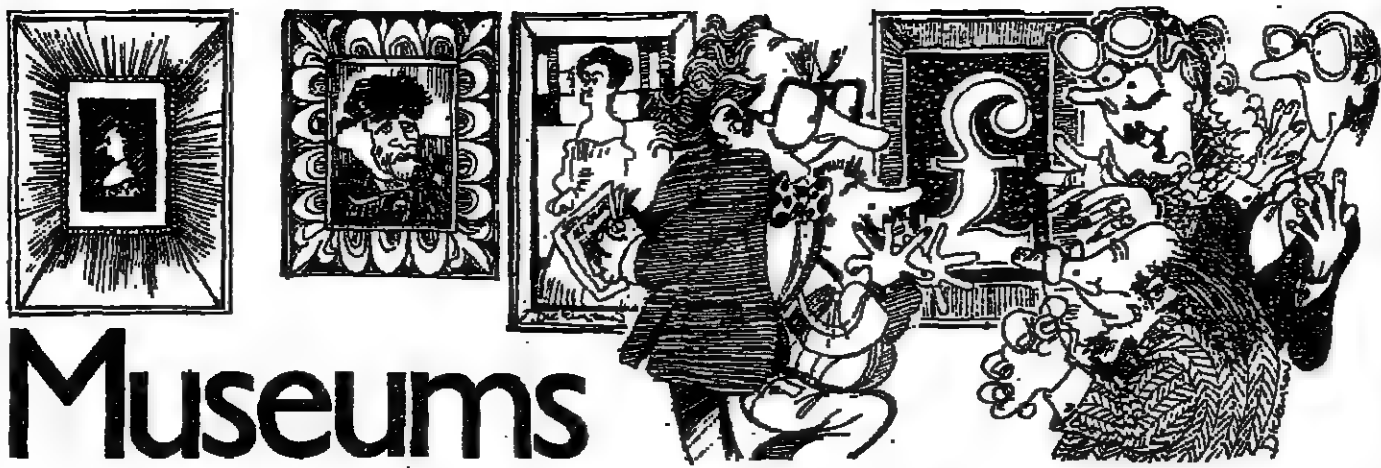
Inadequate money for running costs and acquisitions would be enough to blight the most optimistic of spirits but now the major museums face another threat. In the sprint towards privatisation—which most directors welcome—the Property Services Agency loses its monopoly of repair work on the museums. Although there have been many complaints about the PSA it has at least shored up the V & A, which was in a very precarious structural state. New the Government intends to devote £27m a year for repairs, and there is a well justified feeling that this sum will be quite inadequate.

So on top of closed galleries and viewing days (although, thanks to the £250,000 or so net, raised by admission charges in its first year the V & A can now open on Fridays again from the autumn) the museums and galleries will face the worry of leaking roofs and subsidence.

Sponsors have rallied round tremendously in recent years, keen to back special exhibitions and revitalised galleries, but they are not prepared to pay for new gutting, or air conditioning. At every level our top museums face a crisis. The years of deprivation are beginning to show in tatty rooms and boring displays.

But in contrast to the constant financial worries the top museums and art galleries are revealing in a critical renaissance. The Government has encouraged new thinking, and the scholarly depositories of the past are transforming into pleasure palaces, more concerned with capturing the imagination of the public than just servicing the pedantries of scholars. The V & A and the Natural History Museum are at the forefront in marketing their exhibits in special replica editions and selling their space and expertise. The National Gallery, the Tate and the British Museum are looking towards their publications departments, and their attraction to sponsors, to bridge their deficits.

Perhaps the most interesting



## Museums and Art Galleries

From Mayfair to Liverpool, from the trenches to tennis: FT writers cover a wide range in this special report

Innovations have taken place outside the traditional national institutions. The Government took over the funding of the Merseyside museums after the abolition of the local metropolitan council, and, with a grant of £8m, it is now the fourth largest museum in the UK, covering six sites and a staff of 500. It has launched an appeal for £1m to extend the Walker Art Gallery, building the new maritime museum in Liverpool's docklands, and improving the appearance of the Lady Lever Gallery.

The other enthusiastic newcomer on the scene is the Royal Armouries in the Tower of London. It suffers from the over-powering presence of its landlord, but as a separately funded institution, it is attempting to build up its image by an active acquisition policy—it bought the Duke of Windsor's Scottish dress dirk at the Geneva sale of the Windsor Jewel collection and has put it on display—and by imaginative marketing.

A little imagination on the part of the Government could have a tremendous effect on the leading museums and art galleries. They have embraced marketing, and are keen to undertake a wider educational and populist role. By skimping grant increases the Government makes the lives of the directors a constant battle to find extra funding from companies in particular, rather than allowing them the time to improve and enhance their displays.

Antony Thornicroft

## Westward from W1

HOW MANY times have you paced up and down outside a gallery in London's Cork Street or St James's before plucking up courage to open the door? Or, once alone in its self-conscious space, have wanted to escape before a haughty assistant asked, not too convincingly, if they could help? Commercial art galleries are not renowned for being user-friendly. But, over the last year or so, an increasing number of owners have made their galleries more accessible, providing both a welcome and a wider variety of works of art, exhibitions and services to attract new customers.

In an attempt to bring a whole new set of buyers the Contemporary Art Society launched its innovative four-day art market four years ago in Smith's Galleries, Covent Garden. The idea of a supermarket full of contemporary pictures in the centre of a bustling shopping area (appropriate as the CAS is sponsored by Sainsbury's) has proved a resounding success.

Open until 8 pm, the market sells only works of art under 3 ft sq and priced under £800. That, or considerably less, could secure you an oil by a young college leaver or a drawing by an established artist—like Anthony Caro, or perhaps a Patrick Proctor watercolour. As soon as a picture is bought it is taken off the wall for the customer to take away, and

another is put up in its place.

There is none of the frustration of a roomful of red "sold" stickers, and no embarrassment about asking the price because everything is clearly marked. It is all very straightforward—but much more fun than buying baked beans. This year's will be held on November 4-7.

Part of the market's success is its opening hours. Anyone who has spent a Saturday morning squinting between the bars of the security grills of each closed gallery around Cork Street will vouch that it is rarely a rewarding experience. But where W1 disappoints W11 now obliges. A new batch of contemporary galleries has opened around Portobello Road. In April the owners grouped together to publicise themselves and hold the first Portobello Contemporary Art Festival.

With lower overheads than their Cork Street or even Fulham Road counterparts, these galleries can afford to sell works of art costing tens or hundreds of pounds rather than thousands. They can also offer more adventurous wares. The Special Photographers Company at 21, Kensington Park Road, for example, is one of only three galleries in London specialising in limited edition contemporary photographs—there are dozens in New York. They represent 14 art photographers in the way that art galleries represent artists, and

have the work of about 60 more in stock. Prices for framed photographs range from about £100 to £4,000 for a one-off by Bob Carlos Clarke.

If that gallery is hoping to find the Julia Margaret Cameron of tomorrow, the former pop impresario Philip Solomon is scouting for the Francis Bacon. He is in the business of discovering talented young artists and promoting them into stars. Establishing the Solomon Gallery in Dublin six years ago, and in Bruton Place four years later, he moves up into Dover Street on June 25. He will probably be the sole dealer in the area to sell works by painters straight out of art school, as well as more established artists, for prices starting around £150. His gallery door will always be open, he insists—on Saturdays from 10 am to 4 pm—and that people walking in are never accosted.

So committed is his backing of the artists in his stable—seven painters and one sculptor—that he issues a receipt to every client guaranteeing at least their purchase price back any time in the following three years if they wish to return their work of art, or more if the artist's work has gone up in value. His eye has proved trustworthy so far. He quotes paintings by Nicholas Jolly and Nicola Council that were sold in the same show two years ago for £100-200. At Christie's

recently they fetched £1,400 and £1,500.

For those who cannot afford to buy the works of art they would like to hang on their walls or are racked by indecision, Lynne Sterne Associates offers a rental scheme with the option to purchase. The minimum hire period is six months, the minimum contract value £1,500 (£255 per six months).

This is just one of the services provided by this art consultancy for business and private collectors which opened in Albemarle Street, off Piccadilly. (Lynne Sterne ran the business art gallery at the Royal Academy for 10 years—and many of the artists she exhibits are RAs.)

The strength of the gallery is the broad choice it provides, of both artist and medium. Some 300-400 prints and 300 paintings are in stock, but there is access to the work of over 170 artists, including sculpture, textiles, stained glass, ceramics, collage and trompe l'oeil. Prices range from £80 to £10,000. Commissions can also be arranged. The gallery works closely with its clients, welcomes browsers and is open this month on Saturdays from 11 am-4 pm.

Saturday opening for a Bond Street or St James's gallery dealing in Old Masters is inconceivable. They do not even oblige with plate glass facades to peer through. More likely its interior is discreetly curtained off, with one choice canvas resting on a velvet stand as its only temptation—or it is simply an up-market barber's pole. Such art galleries are certainly not inviting, and indeed anyone brave enough to come in off the street would probably find the walls bare save for a few pictures no one seemed very interested in. But, if its window displays a card, however chilly, announcing an exhibition, do go in. You are bound to be welcomed and agreeably surprised.

Mid-June and Grosvenor House is traditionally the time when the press censures the art trade for their often astronomical mark-ups on items bought for considerably less at auction during the year. So it is a good time too to look at what a surprising number of Old Master and non-contemporary galleries regularly offer the public absolutely free.

Mathiesen Fine Art, tucked away in Mason's Yard off Duke Street, has consistently proved since 1981 that, however difficult, it is still possible for dealers to mount sensational scholarly exhibitions including works of museum quality, often unpublished. Some have been stock exhibitions, some loan and others a mixture of both—paintings to the Italian Baroque. Most have been in aid of good

causes, from the Courtauld Institute Appeal Fund to Tigray, and all have been open to the general public.

The rare appearance of both high quality Old Masters on the market, plus the expense of keeping them in stock for a number of years, has meant that such stockbusters have become increasingly exceptional. But what has grown is the number of loan exhibitions organised by dealers in association with provincial museums.

Last year alone saw Barbizon landscapes from the Fitzwilliam, Goussier drawings from the Ashmolean and early Netherlandish drawings from Edinburgh all at Hazlitt, Gooden & Fox. Another Bury Street gallery, Morton Morris, showed little known drawings from Birmingham's Barber Institute, and Wildenstein's works by Blake and his circle from the Fitzwilliam.

Similarly, Agnew's showed the Treasures of Fyvie Castle in aid of the National Trust for Scotland. Not only do these galleries provide a London showcase for exceptional collections and tempt Londoners to discover the riches to be found outside the capital, but they sponsor scholarly catalogues that museums and institutions cannot afford to publish themselves.

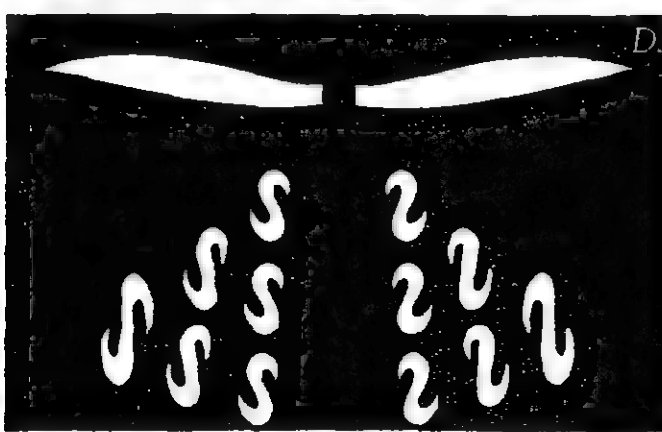
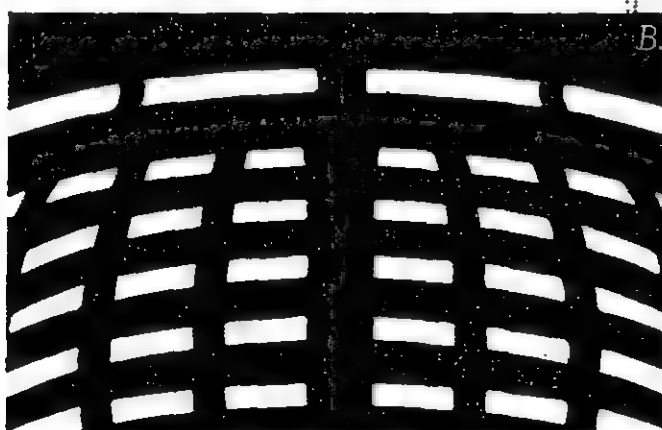
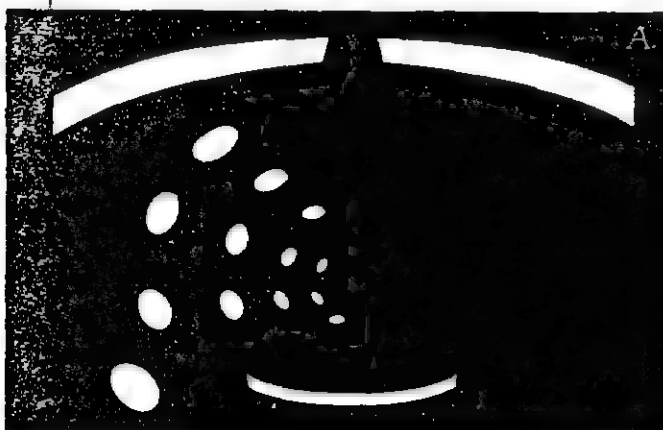
On a less exalted level perhaps, but none the worse for that, are the countless immensely enjoyable Spring and Autumn shows staged all over London. Agnew's annual watercolour exhibitions—this year was the 114th—are almost as much a London institution as the Chelsea Flower Show or the Summer Exhibition.

The Langton Gallery in Chelsea has been making people laugh for the past 18 years—its present Bateman show continues at the Festival Hall until June 21. And I have never seen a gallery more full of people obviously enjoying themselves—that is, without a glass in one hand at a private view—than at Chris Beetles' recent exhibition of W. Heath Robinson. Of course, the works are for sale, but is free entertainment.

However much gallery owners nurture Walter Mitty-like illusions of building up magnificent stock collections or putting on amusing shows, they are in business to make money. But, doubtlessly, they can help their clients invest well too. The Special Photographers Company might be aiming to create another market but it is only asking what a handful of dealers did so successfully in Victorian painting in the 1970s.

Susan Moore

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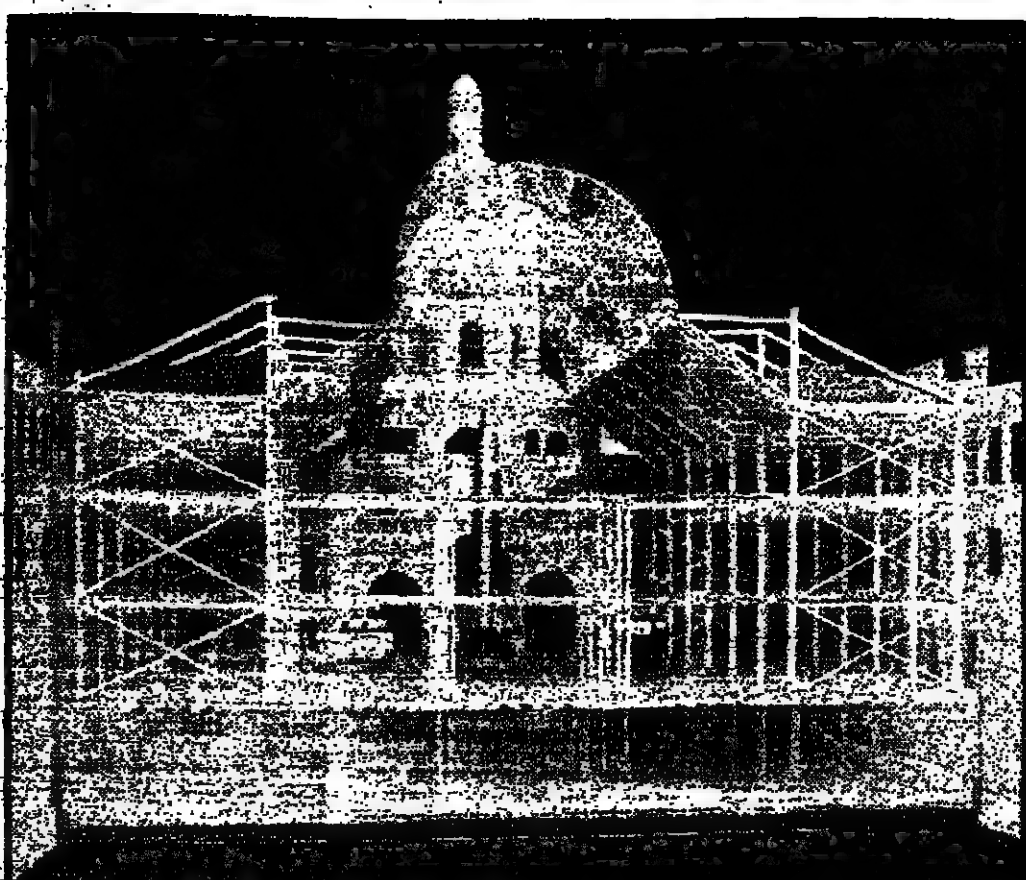
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## WEEKEND FT REPORT

## High enthusiasm, low investment



Looking at the future of the Imperial War Museum

## Flanders to Falklands

"TURN RIGHT up the stairs for the Second World War," the attendant at the Imperial War Museum in London's Lambeth says, as you try to negotiate a dead end between what's happening now and what's going to happen. The Imperial, "the finest museum of modern history in the world," according to Dr Alan Borg, its director, is in a state of organised chaos as its development plan to improve it even more gets under way.

The first stage of the extension due to be ready for opening in early 1989 will cost £17m, partly funded by the Government and the rest by private subscriptions, from goodly sums donated by companies and

institutions to what can be termed the war widow's mitre. The Imperial's customers cover a wide range. Borg always makes it clear that it isn't a military museum. "We're recording armed conflict in the 20th century," which means that what Wilfred Owen called "the pity of war" is faithfully recorded, from the squalor of the World War Two posters telling women not to be too well-dressed for that was unpatriotic.

The Imperial is several museums scattered around the southern half of England. Lambeth is IIC—that's where its magnificent library and records section is housed, available to anybody from research student to somebody trying to trace his ancestors when all he knows is that his grandfather was killed on the Somme in 1916.

The trouble is that the old Imperial isn't big enough to record all 20th century imperial "conflicts." There has been Malaysia, Palestine, Kenya and all the death pangs of the last days of empire. Northern Ireland still with us and now a section on the Falklands.

The Imperial has two other branches. The Cabinet Room in Whitehall, where Churchill lived and worked, brings in thousands of visitors a year, particularly Americans, and at Duxford airfield in Cambridgeshire, one of the few bases that operated as a military airfield in both world wars, a priceless collection of aircraft and flying memorabilia is on show.

But the extensions at Lambeth give the Imperial a deeper foot in history. It has one of the best collections of British 20th century art in the world, but lack of space to exhibit it—war paintings by Paul Nash, Henry Moore, Nevelson, John Piper and many others, are sometimes condemned to storage because there just isn't the space.

The new Imperial from 1989 will provide space for such treasures. But the collection keeps growing. The drawings of St. John's cartoonist Ronald Searle, a World War Two prisoner of the Japanese and a forced labourer on the jungle railway, are a recent acquisition. And official war artist Linda Kilson's record of the Falklands confrontation claim a place.

So a museum set up in 1917 and optimistically planning simply to record the war to end wars has just got to keep going to record man's inhumanity to man. As Alan Borg says, "It's the story of all our lives."

Alan Forrest

## Wimbledon's yesterdays

BEHIND THE glass of the showcase a dozen well-polished trophies sparkle under the spotlights, among them the familiar gold cup and the silver gilt plate that we see every year held aloft on Centre Court by the Wimbledon champions on Finals Day.

The general public visiting the Wimbledon Lawn Tennis Museum at the All England Club find it hard to believe that these are the real trophies. But they are, as authentic as Major Wingfield's set of Spheeristike that sold for 35 guineas in the 1880s. William Renshaw's ancient racket and the 5,000 or so other objects that comprise the museum's valuable collection.

Designed by Robin Wade and Associates and opened in 1977 to mark the centenary of the world's first tennis tournament, the museum was closed for a year from July 1984 to July 1985 to increase the size of the display area and shop from 6,000 sq ft to 8,000 sq ft.

The soft lighting and clever layout beautifully create the atmosphere of each passing age as you wander chronologically along the games evolutionary path. An old lawn mower from

the 1850s and a plaque commemorating the discovery of the vulcanisation process which led to the inflated rubber ball, remind us of the vital role played by these two inventions in taking outdoors the ancient game of real tennis from which lawn tennis sprang.

Part of the original men's dressing room is there too, removed intact from the pavilion at the Worple Road ground where that first tournament was held. From pegs on the walls hang the faded flannels and the long white woollen coats of another age.

A reconstructed Victorian drawing room is packed with tennis memorabilia from standards to delicate brooches both with the tennis motif and there are tennis photographs and paintings all around. Some are quite valuable like Frank Miles' portrait of an unknown girl with racket painted in 1889 and bought for the museum in America.

A Victorian garden tableau contains life-size figures in the elegant clothing of the day; a racket maker's bench is strewn with wood shavings; an endless video of Suzanne Lenglen in

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John Barrett

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## When pollen is poison

NOW IS the season of the bloodshot eye, the runny nose, the sneezes and the wheezes—if, that is, pollen is your poison. To the unaffected, hay fever often seems a trivial matter. To sufferers, it can affect everything from the grades they get at A-level to safety on the road. What, if anything, can be done? DAVID LOSHAK looks at the diminishing choices . . .

AS MANY drivers know to their cost it is all too easy to be caught out by a breath-alysing car. At this time of year, drivers could face a hazard at least as serious as too much drink, and often a lot more so, for which there is no test at all.

That is not the worst of it. The official drug safety watchdog, the Committee on Safety of Medicines, has issued new rules which seem deliberately designed to encourage the use of drugs which dangerously impair skilled behaviour like driving a car.

The real villain of the piece is hay fever. As summer approaches and the pollen count rises, this medically trivial but individually distressing or even disabling condition, can put thousands of people out of action for days or even weeks. For students sitting vital "O" and "A" level exams or for company executives and self-employed businessmen, it is a confounding nuisance which they expect medical science to be able to relieve.

There are modern medicines that exist to help them—the anti-histamines. The trouble is, most of these cause drowsiness, memory lapses, dizziness, loss of concentration and slow reactions. Indeed, anti-histamines are sometimes actually prescribed as sedatives.

There are two alternatives to such anti-histamines. The first are vaccine injections which desensitise allergy sufferers against whatever it is they are allergic to—pollen or mould spores, or even the house dust mite.

But these two have a drawback. Over a period of 30 years, 26 allergy patients have died following an injection from a condition known as anaphylaxis which can quickly stop the heart. Eleven of these patients have died in the past six years, as the treatment has become more popular.

The risk ranges from 1 in 500 injections for the least safe vaccine and as low as 1 in 28,000 for the least dangerous. The committee has not banned the injections outright but is to lay down new rules about when and how they may be given. These are so strict

and require such stringent after-care that in practice such treatments are now almost impossible to follow through.

There are no precise figures on how many people who could have done with them are now denied the desensitising injections. And that is why new and larger risks now arise.

For unless sufferers take to quack and unproven remedies, they are thrown back on to the anti-histamines which tend to knock you out. Happily, however, there is a second alternative to the anti-histamines. A new generation of these products which came on to the market in the 1980s, is designed to bypass, or at least not deeply penetrate, the central nervous system. Unlike the older anti-histamines, they do not cross the blood-brain barrier and go for the so-called H<sub>1</sub> receptors in the brain to which histamine binds. Instead, they actually block the effects of histamine on the receptors.

Thus they avoid the hazardous sedative effects and because of their long-lasting action they need be taken only once a day. But even with these there is a problem. Like most newly developed medicines, they cost more, and family doctors are under constant health department pressure to curb prescribing costs. Despite their advantages, the second generation, non-sedative anti-histamines are still not usually prescribed.

But no one has worked out the cost to the NHS and society generally of the accidents that will almost certainly occur on roads and in factories as a result of drivers and machinery operators taking conventional anti-histamines. Reaction slowed by even a few milliseconds can make a life-or-death difference on the motorway. Professor John O'Hanlon, director of the Institute of Drug Safety and Behaviour at Limburg University, Holland, says tests to determine the safety of danger of medicines used by thousands of drivers with allergy conditions are "absolutely essential."

Trials of one new anti-histamine, a white powdery chemical called astemizole, show that it does not affect driving performance or cause sedation. Like all drugs, astemizole and the only other non-sedative anti-histamine, terfenadine, are not without side-effects, but these amount only to dry mouth, mild headache and the possibility of some weight gain.

So what should hay fever victims and others with similar allergies do? The best approach is to talk the problem over with the family doctor. No good GP should mind discussing prescribing specifics with a patient who is well-informed.

WITH APPROPRIATE pomp and circumstance the National Maritime Museum at Greenwich is today celebrating its 50th anniversary. There are wherry races on the Thames, a special exhibition of all manner of wooden boats and, of course, the band of the Royal Marines.

While the museum joyfully recalls its past, many of its 340 staff are anxiously contemplating a future which is far from plain sailing.

The museum is now engaged in one of the biggest, most fundamental shake-ups in its history. About 10 per cent of the staff have lost their jobs, there has been a net loss of more than a dozen posts and several departmental heads, themselves distinguished scholars with international reputations in their specialised fields, have been invited to "reconsider their future with the museum." It has been an upheaval which Richard Ormond, the director, describes as "traumatic."

There have been tears, protests, lampoons and dark warnings that the reputation of the museum as a repository of naval lore and scholarship has been jeopardised; but although Ormond says frankly that some of the decisions have been "agonising" he remains unmoved by all the fuss.

"We just couldn't continue as we were," he says. "It's all about money and the proper allocation of resources and if nothing had been done, within two years the museum would have been insolvent."

What makes the dispute all the more bitter is that the changes are being introduced by a man who is new to the job and has no Navy background.

The old-timers complain that the number of people with a maritime background at Greenwich can now be counted on the fingers of one hand.

Richard Ormond, 48, is an art historian by trade, an acknowledged expert on early Victorian painters and author of standard works on Lord Leighton and Sir Edwin Landseer. He went to Greenwich as head of the picture department from the National Portrait Gallery. He was promoted to the top job after the departure last year of Neil Cossons to the Science Museum.

Like Cossons, who is now being mentioned as a possible successor to Roy Strong at the V and A, Ormond is one of the new breed of museum administrators who have grown up in the stringent environment of the Thatcher years. Far from being a cloistered academic, Ormond talks passionately about new management techniques, about marketing, and the need to be more entrepreneurial. "If we are to do a proper job we must husband our resources and allocate them more efficiently," he maintains.

In introducing the new blueprint, Ormond wrote: "The museum was not well managed, with no concept of an overall aim. It was fragmented into small groups operating on their own competing for available staff and financial resources. The emphasis on expansion was



The National Maritime Museum . . . turbulent waters

often idiosyncratic; there was not enough central direction; there was little co-ordination between sections; resources were not always used to best advantage." In short it was a powerful indictment of the old regime.

Under the leadership of Dr Basil Greenhill, the museum underwent tremendous expansion in the 1960s and 1970s. "Greenhill turned it from being a rather parochial place into a major national institution," Ormond says.

covered that of the £4.7m the museum received in government grant, no less than £3.6m (96.5 per cent) was going on wages. With the grant rising at only 2 per cent a year and with Civil Service wages going up at around 5 per cent a year, the museum's future looked decidedly bleak, despite the introduction of admission charges a couple of years ago. "The plain fact," says Ormond, "is that if we had done nothing, by 1990 we would have been bust."

The staff cutbacks which will save around £350,000 a year are only one part of the survival plan. More fundamental are the management changes Ormond is introducing. The new director is highly critical of the previous set-up. He says that the museum was not being run as an integrated unit but was a series of separate, self-contained fiefdoms whose bosses, the curators, jealously protected their territory against all comers.

"At times it seemed as if there was not one museum but eight," he recalls. "And the loyalty of the staff was not to the museum but to their individual departments." Furthermore, he adds, the curators were insufficiently cost-conscious. "Traditionally they have regarded themselves as custodians of their collections," Ormond says. "They never worried about money or even asked where it was coming

from. They assumed that all that was looked after by somebody downstairs. That's an attitude that has got to change."

Many of the traditional demarcation lines have disappeared as departments have been swept away or broken up. The navigation department has borne the brunt: charts have been merged with ships' plans and navigational instruments have found a new home. But the archaeology section too has been trimmed and activities like film-making put out to contract.

Among the staff criticism has been fierce and often emotional, particularly as the changes were announced with little or no warning and with a minimum of consultation. "The whole point of this place," says one middle-ranking staff member, "is that it is the last stop for maritime freaks but now they have all been fired." Another more senior member says sadly: "You can't run a museum like a business. Over the years we have accumulated an immense body of expertise which comes from people sticking to their speciality over a very long period of time. All this is now being dissipated in the name of flexibility."

Ormond concedes that these changes have not gone down well and admits that there has been some damage to the museum's academic reputation. But he asks, how do you reconcile scholarship with the need to operate a more efficient, corporate style of organisation? That is the central problem, Ormond says, and he is not the only museum director to have embarked on this particular course—which is why his colleagues are watching his progress with such interest.

Collecting Janet Marsh on a cartoonist who mirrored history

## Reflections of a dirty war

NEXT MONTH is the centenary of the birth of Bruce Bairnsfather, and the occasion deserves to be commemorated. He was a cartoonist who, for a brief but historic period, shared with his most famous creation a celebrity status that won them fame and affection throughout the British Empire. Now, 70 years on, Bairnsfather's "Old Bill" is still firmly established in British folklore.

Though Old Bill is the voice of the ranks, his creator belonged to the officer class. Bairnsfather was born on July 9 1887, in a hill station in India, where his father was a staff officer with the Bengal Infantry. At eight he was brought back to England and—the inevitable fate of Army children—boarding school. In classic style he neglected his studies, covering his exercise books with cartoons. He dutifully tried the Army,

but resigned to study art. Painting, however, did not bring in a living, and Bairnsfather became a salesman and electrical engineer for a firm installing generators.

But within a month of the outbreak of the First World War in 1914, he again joined up, this time in the Royal Warwickshire. In France he saw all the horrors of the front—mud and lice and poor rations and the appalling mortality—and though wounded and shell-shocked, he returned to service.

All the time he drew, sometimes on the walls of temporary billets, to amuse his comrades. On an impulse he submitted a cartoon to "The Bystander"—choosing the magazine for no other reason than that its format suited his picture.

Soon he was contributing weekly cartoons to the magazine. The joke most often lay

in the Tommy's gift for understatement. For instance, in one a sniper on a chimney stack, which has just been dramatically shot from under him by a shell, mildly observes: "They've evidently seen me."

In November 1915 however, "The Bystander" published a cartoon which caught the imagination of the nation to an extent which is today hard to conceive. It simply showed two soldiers in a fox-hole, with shells bursting all around them. "Well if you know of a better 'ole, go to it!" says one, with irritation, to his evidently complaining comrade. The magazine sold out instantly; the cartoon was endlessly reprinted and copied; and "a better 'ole" became proverbial.

The public and the troops waited eagerly for each Bairnsfather cartoon. One among his various army characters soon began to dominate—an untidy, moustachioed old soldier, stoic, skiving, resourceful, usually wrapped in balalaeva and muffler, and always ready with a sardonic quip. "These are old world-riding, tricky, set old contained slackers," old soldiers" wrote Bairnsfather, adding "if you were lying wounded in the middle of a

barrage, that same man would come and pull you out."

Unfortunately, the English establishment was less amused by Bairnsfather's humour and humanity. "The Times Literary Supplement" voiced official disapproval: "When the Empire laughs, we must remain dumb . . . Nothing so quickly lowers morale as slovenliness . . . yet here we have an Army officer who invariably depicts his men as the very type which the Army is anxious to suppress."

So it was that Bairnsfather, whose cartoons were perhaps the greatest individual contribution to the morale of the British Empire in the First World War, was never to receive any sign of official recognition. The public's love for Old Bill and his creator was more than enough compensation. Old Bill was a various times brought to the stage and screen: a musical The Better 'Ole was the runaway success of 1917. In one of several film manifestations, Old Bill was played by Charlie Chaplin's brother Sydney.

For years Bairnsfather himself toured the music halls and lecture circuits talking about Old Bill's War, largely because he needed the money. From all accounts he was an unvary-



Bruce Bairnsfather . . . poor head for business

ingly charming and generous man, but with a poor head for business.

Disastrous business adventures resulted in bankruptcy, and his later life—the debt-ridden struggle to make a living—was far from easy. He remained loyal and loving throughout his 30-year marriage, even though his wife's alcoholism was a constant source of anxiety and embarrassment.

It is officialdom still shuns Bairnsfather (the Imperial War Museum declined to do an exhibition claiming "his work is of sentimental interest but dubious artistic value"). He is

still celebrated by many loyal enthusiasts and collectors. The vade mecum for these is Tonie and Valmai Holt's book, "In Search of the Better 'Ole" (Milestone Publications, 1985) which provides both a definitive, sympathetic biography and a guide to Bairnsfather collectables.

Paper collectables range from original drawings—which cost from £10 to the low hundreds when they appear in the sale rooms—to the series of paperback booklets "Fragments from France". The war cartoons were reprinted, along with Bairnsfather's various wartime reminiscences, and all the ephemera relating to theatrical and film productions.

There is also an extensive variety of ceramic mementoes of Bairnsfather and his creation, including several very jug models of Old Bill. In 1917 the Grimwade pottery launched "Bairnsfatherware", inexpensive china decorated with cartoons. Judging by its survival rate, it must have been a highly successful line for at least a century. The rarer items of this kind are just starting to creep up past the £50 range. Aesthetically it may be dubious, but as a mirror of history it is poignantly evocative.

In August there will be a special sale of Bairnsfatherware at Phillips and its auctioneers. Phillips will also present a special Centenary Exhibition (largely drawn from the Holt collection), which will later transfer to the University of Kent.

POLO RALPH LAUREN



Harvey Nichols, Knightsbridge, London SW1, 01-235 5000.

## Australia's quiet revolution

THE excellent value for money of Australian wines in terms of quality is being increasingly appreciated here in Britain, and not only because of the fall in the Australian dollar. For the wines are now better and represent a revolution in wine-making that has been going on for more than 30 years.

In *The Great Australian Wine Book* (1986, David & Charles, £30) James Halliday, the well-known wine writer and wine-show judge, writes: "The typical Australian red wine of 1960 was red-brown in colour, verging on black . . . It had a distinctive roasted aroma; both its smell and the porty, jammy fruit flavours indicated it had been made from late-picked grapes and/or from grapes; and it was high in alcohol."

Visitors from overseas stood in some awe of such wines, particularly as almost every one they tasted seemed identical to the last.

And as for the white wines, it was "the poor, and often forgotten, cousin. Not only was far less white wine made and sold than red, but all the critical attention was paid to the red wines."

Today the white wines have led the way in the appreciation of Australian wines and account for 60 per cent of all made.

Accordingly, Oddbins' promotion of nearly 30 antipodean wines in all its 83 branches is to be welcomed. Most come from South Australia, which produces nearly two-thirds of Australia's wines, and three are from New Zealand. Here are some notes on wines that I found particularly attractive.

**WHITE**  
Rhine Riesling 1986, Barossa Valley Estates (£2.40). The German-colonised Barossa Valley was a pioneer Australian wine district, and the Rhine Riesling is the country's most prolific quality grape. This wine has a real Riesling flavour, and is fruity and fresh.

Yenda Chardonnay 1986 (£2.99). Coming from the Riverina district of New South Wales, nearly 500 miles southwest of Sydney, this has a real Chardonnay character, with an aroma that suggests oak, though



in fact it saw no oak. Round, long-flavoured.

Penfolds Bin 69 Semillon 1982 (£2.99). Semillon in Australia produces a distinctly different wine from its Bordeaux original. This mature example has a slight colour, a honeyish nose, and a smooth, ripe flavour. Very good value.

Orlando Chardonnay 1986 (£3.99). Another Barossa Valley wine, this really was fermented and aged in oak (the vintage there begins a good six months in advance of Europe). It has a lot of character and class.

Rosemount Chardonnay 1985/86 (£4.89). From the Upper Hunter River Valley of New South Wales, this has a "lead-pencil" bouquet, and is a relatively soft, but distinguished Chardonnay.

Ch. Reynella Chardonnay 1985 (£4.99). Ch. Reynella is Australia's oldest continuing winery, south of Adelaide, established in 1838 by John Reynell from Devon, and now owned by the firm of Thomas Hardy. Lighter than some of the other Chardonnays it is fresh and lively.

**RED**  
Shiraz/Malbec 1985, Barossa Valley Estates (£2.69). A much lighter wine than the two grape varieties might suggest. Pale in colour, with a clarity bouquet, a nice picnic wine.

richer combination with a lovely nose and a rich, round, mature flavour. Excellent value.

Orlando Cabernet Sauvignon 1984 (£3.99). Unlike in Europe 1984 was a better vintage in Australia than 1985. This is fairly light-coloured, has a real Cabernet Sauvignon, clarity taste and is a fully-mature wine.

Penfolds' Cabernet/Shiraz Bin 389 1982-83 (£6.69). This blend, one of Penfolds' best-known, would be likely to be greeted with equal horror in Bordeaux and the Rhône but it shows the inquiring initiative that has inspired much Australian wine-making. Completely mature, it is somewhat brown in colour and has a fine "old" bouquet and a soft flavour.

Grange Hermitage 1980 (£19.95). This is Australia's most celebrated red wine and is made in small quantities on the northern edge of Adelaide. A blend of 95 per cent Shiraz and 5 per cent Cabernet, it has

a huge colour and an enormous concentrated flavour. An experience to drink and Oddbins might as well have added the missing 5p.

Edmund Penning-Rowell

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## DIVERSIONS

## The jeweller as an artist

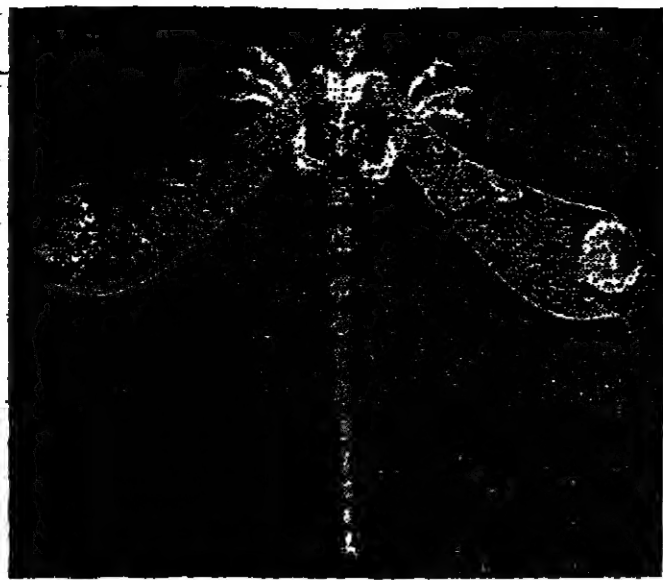
DON'T whatever you do, miss the Lalique exhibition currently on at The Worshipful Company of Goldsmiths, Goldsmiths Hall, Foster Lane, London EC2. The name of Lalique still rings around the world but for most of us, it is glassmaking that has ensured his fame. Few of us have ever had the chance to see Lalique's jewellery, the works that made him in his time the most famous goldsmith and jeweller of the day.

So grab the chance now and go and see this amazing collection, some called from the Victoria and Albert, other pieces from far-flung museums but the most spectacular collection borrowed from the Museum of the Gulbenkian Foundation in Lisbon—these were the pieces René Lalique made to order for his great friend and patron, Calouste Gulbenkian.

The high art of the jewellery is a revelation—these are not pieces made just to flout wealth and status, these are original works of art charged with high emotion, redolent of the fa de siècle imagery of the day.

Lalique was highly innovative in his disdain for the mere commercial value of the materials he used—he would happily and skilfully mix expensive materials like horn, glass and ivory with precious metals and stones. His use of sumptuous female sculptural imagery, his haunting figures, his preoccupation with themes of death and decadence made his work singularly personal, perennially memorable.

Look particularly at his wonderfully decorative horn hair-combs, take in the wealth of art nouveau imagery—the water-



Female and dragon fly ornament by Lalique

lilies and nymphs, the angels, dragonflies and butterflies, the drooping flowers, seared leaves. They are haunting, beautiful and poignant reminders of a decadent, sensuous, long-vanished time.

\*The exhibition is open from now until July 24, 10.30 am to 5 pm Mondays to Saturdays.

ANOTHER exhibition not to miss—the display of Guy Taplin's marvellously simple and eloquently moving birds at Courcouron and Courcouron, 80-82 Crane Street, Salisbury, Wiltshire, SP1 2QD. Regular readers will know by now that I am an ardent fan of Guy Taplin's birds, which have loved ever since I first set eyes on those extraordinary simple shapes, miraculously carved from passing pieces of driftwood, somehow capturing more of the true feeling of "bird" than many a more elaborate sculpture.

The exhibition is on from June 15 to July 11. Prices start at £225 and go on to £2,500, while the preening mallard is £375.



A preening mallard by Guy Taplin

## Note worthy

EVEN TO a stationery freak like myself, liable to find interest in even the plainest of note-books, the new Amie van der Heide range from Copenhagen stands out as having quite exceptional charm. So beautiful is it that I have the utmost difficulty in parting with any of it and it is only the closest, dearest of friends who actually receive any of the cards I bought.

What is it, then, that makes the range so special? All the graphics are based on the richly sensual floral paintings painted in the first half of the 19th century in Denmark—a period of glorious flower painting, which has since become known as the golden era of Danish painting.

The stationery, whether diary

covers or postcards, all feature images from the works of some of the most ravishingly beautiful painters of all time. Roses in their prime, strawberries, daisies, cornflowers, bluebells tumble over the cards and gift tags, the covers and the tote bags.

For the moment the range is exclusive to Fortnum & Mason, Piccadilly, London, W1. Prices range from 85p for postcards (each comes with an envelope in a colour that picks up one of the tones in the card), £1.20 for folding birthday cards, £2.90 to £5.00 for tote bags, £1 for the long gift tags, 50p for small gift tags and £7.50 for a diary. Fortnum & Mason will deal with postal orders.



Drawings by James Fergusson

## Healthy eating—and entertainment, too

Japanese cuisine for the mass market is coming to London, reports Peter Fort

THE EGON RONAY Organisation, in collaboration with Birdseye, has produced a Guide to Healthy Eating Out. The Lord knows whether our age and generation will be forgiven these follies. No folly of course on the part of Ronay and

his team; lots of people will buy it, presumably Birdseye has stumped up generously and everyone will be happy. Perhaps the real value is as a shot of propaganda encouraging us to give a bit more thought to our diet over the years.

But what is in my hand is a restaurant guide comprising a vivid cross section of places to eat, from posh London expensive restaurants like the Caprice to modest wine bars and cosy vegetarian hideaways tucked

away in country towns. Who is going to use it—and what for? I think I am just beginning to understand what healthy eating is, although I expect to learn quite soon that I have been misled. But I cannot for the life of me imagine how my decision whether to take Aunt Agatha to the Dorchester or to Claridge's next week has got very much to do with my (or her) future as a living organism.

Oh, but it's your habits over time that count. Well, exactly so—and how many of us habitually day after day consult a restaurant guide about where to go? Commercial travellers? I don't think so.

If I am a vegetarian arriving in Glastonbury, it's useful to be told where the vegetarian place is. But Franco's Italian restaurant in Basingstoke probably commends itself on quite other grounds than the fact that if I stick to the minestrone and a grilled Dover sole I'll be okay calorie-wise.

However, it's not my aim to abuse Ronay's pioneering effort. Since I don't wish to take issue with him about what constitutes healthy food (my brain, if not his, whirls with the complexities of it) let me draw a brisk and facile map conclusion from his labours: outside London you'd better be a vegetarian and in London you'd better be Japanese.

Seventeen of Ronay's London recommendations are Japanese restaurants, which is a good start. The two main problems with Japanese restaurants have always been that they are all in London and they are never cheap. Both these factors suggest that they are really catering for Japanese customers, which again can make them rather daunting for timid eaters out.

These things may be changing a bit with the arrival of the Benihana. The first Japanese-style meal I ever had was at a Benihana in Manhattan many years ago. Now they are to be found all over the US, not as ubiquitous as MacDonalds but based on rather similar thinking.

The chain is driven along by a thrifty young Japanese-American entrepreneur, Rocky Aoki, so when finding myself in New York I heard that a



FOOD FOR THOUGHT

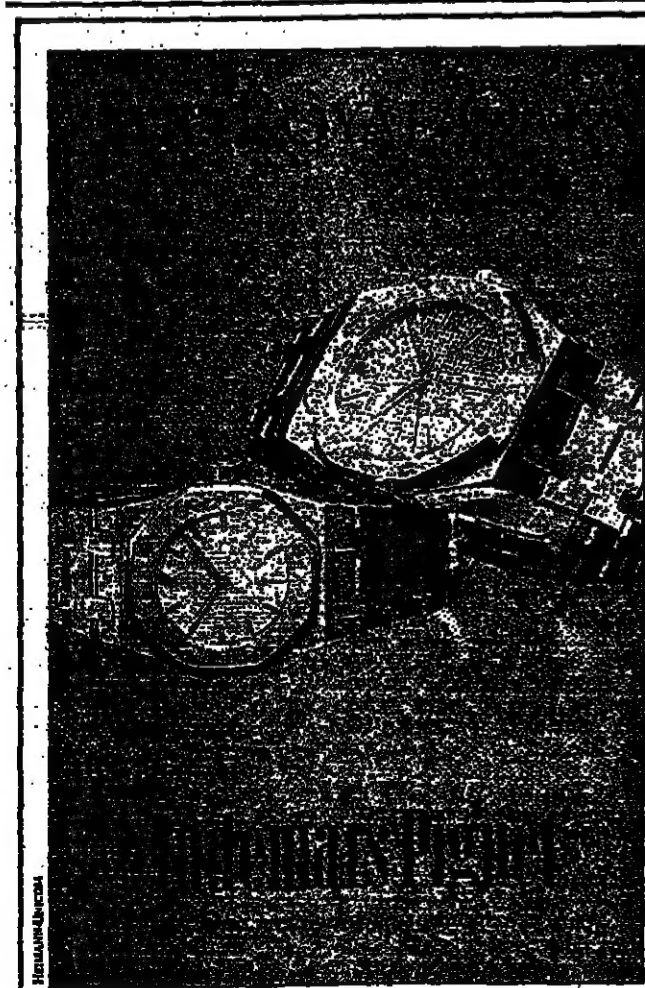
London Benihana was in the office I called in to see Aoki to hear his plans.

The tale he told was not of the exquisite thinking qualities of Japanese food, its sparseness, pretentiousness and healthiness. He aimed to break Japanese food out of its self-imposed strait-jacket of authenticity and exclusivity and bring it to the mass market and the whole family as a fun-eating experience in other words to Americanise it. Perhaps the faddy dietetics, the very smart and the crypto-vegetarians will be trumped down at the doors by the crowds of families out for a good time with the kids—and blow the expense. Oddly though, lunch is served only on Sundays, as presumably it is from Milwaukee to Las Vegas.

Benihana was my modest introduction to Japanese food and may serve the same function for many others. Those for whom Japanese food means raw fish, seaweed and tofu don't need the beginners' course.

It's a style of cuisine that can't be done very readily at home. Apart for the exceptional chopping and handling skills required (and they are exceptional—any Japanese cook worth his dashi can draw a crowd) the whole idea really doesn't work at all when just thrown together. A dollop of tofu with a great mass of seaweed alongside may be a fad-diet's heaven, but it's not very attractive.

And of course it's the element of theatre in Japanese cuisine—the slicing and snipping, the flicking of fresh things into scalding liquids—which has made Aoki so successful in Memphis and Indianapolis. To those of us who rate fast food and American "entertainment-dining" at the other end of the spectrum from the wholesome and worthy things of garden and sea, it's a revelation. Health foods as entertainment? Try it and tell yourself why not.



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Lucia van der Post

FOR SUMMER meals The Conran shop, 77 Fuiham Road, London SW3 has gorgeous giant candles. So wide and sturdy (14 cm in diameter, 18 cm high) that they do need a holder, but sit firmly on the table, they come in black, white, blue, jade, orange and green and sell for £9.50 a time. Known as the Beacon Candle, they can't quite compete with beacons for light, but they are a lot more romantic. (They can be posted to you for £2.35 p+p.)



Anne Morrow

CHEAPEST way of cheering up (or softening up) rather dull garden furniture is to add cheap and cheerful cushions. At the rapidly improving British Home Store branches you can find them in five different designs (the nicest, I think, are the plain beige, red and white check, and the white with red stripes, but there are also two other floral patterns) for just £4.99 a time.



## Classic boots

MANY an American and many an Italian will know exactly what you are talking about when you mention Timberland boots. In the barely 20 years since the brand was launched on the market they have become classics of their kind—classics in a way that 501s and Raybans are classics; sought after by aficionados for their peculiar combination of durability, practicality and style.

It has taken 20 years for Timberland boots to reach this country, but now that they have, they seem to have been seized on not only by walkers, hikers, mountaineers and ramblers (their natural market) but also by many a follower of high fashion who is unlikely ever to be seen up a dale or down a fell.

To Timberland this is scarcely surprising. In Italy the Tan Buck Boot in winter and its Range Rover shoe in summer have become essential footwear for the Paninaro set—the fashionable young who gather in trendy cafes.

Whistles, the up-market, up-to-the-minute UK fashion chain, has just bought exclusive British rights to the new women's version of the Timberland boot for its autumn collection. This is the strongest, sturdiest boot in the Timberland range, designed for sub-zero Arctic conditions worn by competitors in the 1,000 mile husky race across Alaska every year. Watch the rush when these boots go on sale in Whistles branches in September. Somehow I don't think it will be the walking, hiking and climbing set queuing up for a pair.

The charm of the Timberland boot is in its combination of practicality (almost indestructible, and 100 per cent waterproof) and quality: sturdy leather in pale butter yellow, dark tan, or brown; fine stitching, hand-lasting (which means you buy them broken-in); the rawhide laces, the real brass eyelets, and for those in a hurry, the "Nato" speed lacing systems.

The boots originally made for the American market are all available over here, from the sturdiest (the Iditarod Super Boot at about £200) to lighter (but still sturdy) boots for the hiker, fisher and shooter's set, as well as informal footwear like the famous boat shoe or deckshoe at £65 a pair.

To suit our milder climate, there is also a range of good lightweight walking boots—these have Gore-Tex/Cambrelle waterproof lining, and they retail at between £111 and £124, depending on the style.

Choosing a boot, as any walker knows, is an intensely personal matter, so anybody



The Iditarod Super Boot, soon to become a fashion classic



The Tan Buck Boot, the walker's favourite

looking for good sturdy boots—whether for walking, climbing, or just loafing about fashionable cafes should make a point of going to a stockist with a wide range, and then trying them on in large numbers until you find a pair that suits you.

I recently tried out the Tan Buck boot on a weekend's walking in the Yorkshire Dales—the boots lasted a lot better than I did. After many a mile up and down dale they were dry, comfortable and had kept my feet beautifully protected from bolts, jars, damp and mud (my muscles were another story). One ankle was rather sore but I put that down to inadequate socks (a must for proper walking).

Good ranges of the boots can be seen at those two shops, at Harrods, at many good country shops (those specialising in outdoor gear) as well as specialist fashion shops. If you have trouble finding a local stockist write to: ATOC (short for A Touch Of Class) at 23, Pembroke Square, London W2.

## Cookery

## Happiness is an Italian meal

WHAT MAKES Italian cooking so appealing to cook and diner alike is its unpretentiousness and its sense of joie de vivre. While the French are unrelentingly in the pursuit of culinary perfection, so critical, so analytical that their meals sometimes seem like a series of clinical trials, the Italians just get on with enjoying the pleasures of the table. They are dedicated to the idea that meals should be happy as well as delicious occasions.

Good Italian cooking is an essentially domestic art. Invariably the best meals in Italy are to be found in the home, not in restaurants. And it is notable that the most delicious dishes are not reserved, like the best china or silver, for dinner parties; they are regularly cooked for the pleasure and happiness of the family.

No Italian writer has done more than Marcella Hazan to inspire and instruct the English-speaking world about her native cuisine. The gospel began with The Classic Italian Cookbook, followed by another best-seller, The Second Classic Italian Cookbook (both available from Papermac). These are now joined by a third volume Marcella's Italian Kitchen (Macmillan £12.95).

As the title implies this is more personal, less classically Italian, than earlier books. In the preface she acknowledges that nearly two decades of teaching and writing have transformed Italian cooking, for her, into a profession. But when I step into my kitchen I am still the woman who learned to cook to please her family and friends. The only kind of cooking I have ever cared for is relaxed and unpretentious... simple food that has only one objective: to taste good. The message and the recipe seem to me irresistible.

## FETTUCCINE WITH LEMON

(serves 4)  
2 oz butter; scant 1 pt double cream; 2 tablespoons lemon juice; the grated zest of 4 lemons; fettuccine made with 3 large eggs and about 8 oz flour; 14 oz freshly grated Parmesan—plus more for serving at table.

Choose a skillet or sauté pan large enough to accommodate the cooked fettuccine later. Put in the butter and cream and turn the heat to high. When the cream begins to boil, add the lemon juice and stir

thoroughly. Add the grated lemon zest. Continue stirring while you reduce the cream to half its original volume. (Do not reduce it completely because the fettuccine will be tossed with it later in the pan and absorb it all.) Turn off the heat.

Drop the pasta into a pot of abundant boiling salted water. When cooked, but still quite firm to the bite, drain it and transfer to the pan with the lemon sauce. Turn on the heat to medium, and toss the fettuccine thoroughly in the sauce for 15-20 seconds.

Transfer all the pasta and sauce from the pan to a warm serving bowl. Add the grated cheese, toss two or three times, then serve at once with additional grated cheese on the side.

## NOODLES WITH SPINACH AND TOMATO

(serves 4-6)

One lb fresh spinach; 1 lb ripe fresh tomatoes; 8 tablespoons extra virgin olive oil; 24 teaspoons chopped garlic; salt and black pepper; tagliatelle or fettuccine made with 3 large eggs and about 8 oz flour; freshly grated Parmesan.

Cut off and discard the root end of the spinach, separating all the leaves. Soak the spinach for at least 5-6 minutes in a large basin filled with cold water. (I use the kitchen sink, after washing it thoroughly clean.) Lift the spinach out of the basin or sink, taking care not to scoop up any soil that will have settled to the bottom. Rinse the spinach in several changes of cold water until there is no more grit on the leaves.

Drain well, using one of those salad spinners if you have it. Otherwise, wrap the leaves in a large tea-towel and shake the water through—just as effective. Chop the dried spinach, not too finely, and set aside.

Put enough water into a saucepan to cover the tomatoes and bring it to a boil. Put in the tomatoes. After 2-3 minutes, drain them and let the tomatoes cool just enough so that you can handle them. Peel, split, remove all the seeds that scrape away easily, and cut the flesh into narrow strips.

Choose a sauté pan large enough to accommodate all the chopped spinach. Put in the olive oil and garlic and turn on the heat to medium. Cook

until the garlic turns a pale gold colour. Add the spinach, salt and a few grindings of pepper. Cook, stirring frequently, for a minute or two. Add the tomatoes and lower the heat to cook them at a gentle simmer. Stir from time to time. When you see the oil separate from the sauce (in about 20 minutes or so), the sauce is done.

Drop the noodles into a pan of abundant boiling salted water. When they are cooked but still firm to the bite, drain them and toss immediately with the sauce. Serve with a generous sprinkling of freshly grated Parmesan cheese.

## NARROW NOODLES WITH SAFFRON AND VEAL

(serves 4-6)

1 oz butter; 1 tablespoon vegetable oil; 4 tablespoons chopped onion; 12 oz minced veal (preferably from the shoulder); salt and black pepper; 3/4 teaspoon powdered saffron; 8 oz double cream; tagliolini (or strutte as they would be called in Bologna)

made with 3 large eggs and about 8 oz unbleached flour; freshly grated Parmesan for the table.

Put the butter, vegetable oil and chopped onion in a frying or sauté pan and turn the heat to medium high. When the onion turns pale gold, add the minced veal. Cook the veal, crumbling it with a fork and turning from time to time, until you have browned it all over. Sprinkle with salt and generous grindings of pepper, turning the meat two or three times.

Add the saffron and cream, and reduce the heat to medium. Reduce the cream, stirring frequently, until it is no longer runny.

Drop the pasta into a pan of abundant boiling salted water. The moment it is tender but firm to the bite, drain, then toss immediately in a warm bowl with the sauce. Serve at once with grated Parmesan cheese in a bowl on the table.

Philippa Davenport

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## K. Natwar-Singh on the cult of the Raj and its hold over the British mind

# Administrators and ancestors in India

**THE GOLDEN ORIOLE: CHILDHOOD, FAMILY AND FRIENDS IN INDIA** by Raleigh Trevelyan. Secker & Warburg. £15.95, 560 pages

**YET, ANOTHER** Raj book? Yet another outpouring of the infantile nostalgic fixations of pukka sahibs and insufferable state air of unendurable and well-forgotten viceregal baillies? Have we not had enough of them?

I thought the law of diminishing returns had finally caught up with the Raj industry. Not quite. Raleigh Trevelyan, who was born in India where his father was serving in the army, has given us an unusual, unpretentious, absorbing, non-pukka sahib book which keeps out bias as far as possible from his recollections.

Autobiography, history and geography combine to bring 18th century India alive: "Sir Charles Metcalfe used to travel out at weekends by elephant as he found it easier for reading. The Brits of the Raj were indefatigable and compulsive diarists. Many wrote learned books on obscure subjects. Others discovered Indian history for the Indians."

Here full use is made of their letters and diaries. We have copious quotations from Metcalfe, Macaulay, Charles and Hannah Trevelyan. Historian G. M. Trevelyan, grandson of Charles Trevelyan, encouraged Raleigh Trevelyan to write a book about his distinguished relations, several of whom spent long years in India both in this and the last century. The volume under review is that book. The Trevelyan family is a formidable and durable lot.

The author summons A. L. Rowse to give a thumbnail character-sketch of his tribe: "Integrity to the point of eccentricity, honesty to the point of rudeness, tactless

and rough-handed but of an indubitable aristocratic distinction, devoted public spirit with an equal ability to carry it into action: a marked idiosyncrasy held in check by strong common sense not much of humour. That distinguished family was apt to think that there were Trevelyan and then the rest of the human race. The five journeys undertaken by the author in the late 1970s and early '80s took him all over the Indian sub-continent, India, Pakistan, Sri Lanka, Burma, including my home town of Bharatpur, now known for its bird sanctuary. He is sensitive, restrained, honest and acceptably indignant. He evokes the past with understanding and feeling, relating it to the present with equal sensitivity. Reason and emotion are harmoniously blended even when he recalls the disagreeable and unpleasant.

For over a hundred years, the fate and fortunes of his family were intimately linked with India. Charles and Humphrey Trevelyan rose to high office and are among the better known and better remembered of the 19th- and 20th-century British civil servants. Humphrey did a stint under prime minister Nehru, "who was sorry to lose him."

Charles married Macaulay's sister and the two men together produced the famous/infamous Minute on Education in 1835 — generally known as Macaulay's Minute. To this day, it remains a subject of lively controversy. Macaulay spent several years in India, but he was no expert on any aspect of Indian life. However that did not prevent him from being cocksure about everything. He was brash enough to declare in the minute: "I have never found one among (the orientalists) who could deny that a single shelf of a good European library was worth the whole native literature of India and Arabia." This is chauvinistic baldness at its best/worst. In fairness, it must be noted that Macaulay's vision of English

becoming the lingua franca of the world has proved to be prophetic. Raleigh Trevelyan's compassion marks him out as an uncommon person. Ten of his kinsmen were killed at Kanpur during the mutiny in 1857, but there is no bitterness in the author's recounting of those terrible incidents. With his mature insights on the Jallianwala Bagh (Amritsar) massacre of 1919, I fully agree. He is absolutely right when he says that after Jallianwala Bagh there could be no compromise and no trust between the Indians and the British.

Mr Trevelyan's Fifth Journey took him to many places visited in 1912-13 by E. M. Forster, Goldsworthy Lowes Dickinson and R. C. Trevelyan. I found this chapter fascinating because it not only recalled Forster's incommensurable work but conversations I had with him about his passage to India. Lowes Dickinson was not as enthusiastic about India as Forster. India made Lowes Dickinson uneasy, as is clear from this quotation:

But it [Hindianism] was the religion of the East, not the West. It refused all significance to the temporal world. It took no account of society and its needs: it sought to destroy not to develop the sense and the power of individuals. It did not say, but it implied, that Creation was a mistake: and if it did not profess pessimism, pessimism was its logical outcome. I do not know whether it is the religion of a wise race; but I am sure that it could never be that of a strong one. Rather a glib observation, surely, also a bit too neat.

Was it worth Mr Trevelyan writing such a book? I think so. I think it is a book that is worth reading. The Golden Oriole is not a run-of-the-mill book purveying mauldin Raj nostalgia. If it lacks cohesion, it is an engaging, tolerant, humane document written by an Englishman who does not possess a stiff upper lip and whose love for the Indian sub-continent and its inhabitants is genuine.

## CRIME

**YOUR ROYAL HOSTAGE** by Antonia Fraser. Weidenfeld & Nicolson. £9.95, 195 pages

A ROYAL wedding offers Antonia Fraser a rather excellent opportunity. She has a gift-edged occasion. As the author gives us a brilliant display of her wit and irony, Jamaica follows the events, as they bring out the very best of British eccentricity, even to a murderous degree. Some fun is had at the expense of the Waleses and the Yorks, and a titled family of royal biographers also comes in for a moment of teasing. As exciting

a performance as the Covent Garden Otello that figures as one of the story's backgrounds.

William Weaver

**SPIRAL** by David L. Lindsay. Arlington Books. £10.95, 368 pages

A STRONG stomach is needed by anyone who sets out to read Spiral. Five people are killed

by horrific tortures, quite a lot are shot and some are blown up. Then there is a description of an autopsy.

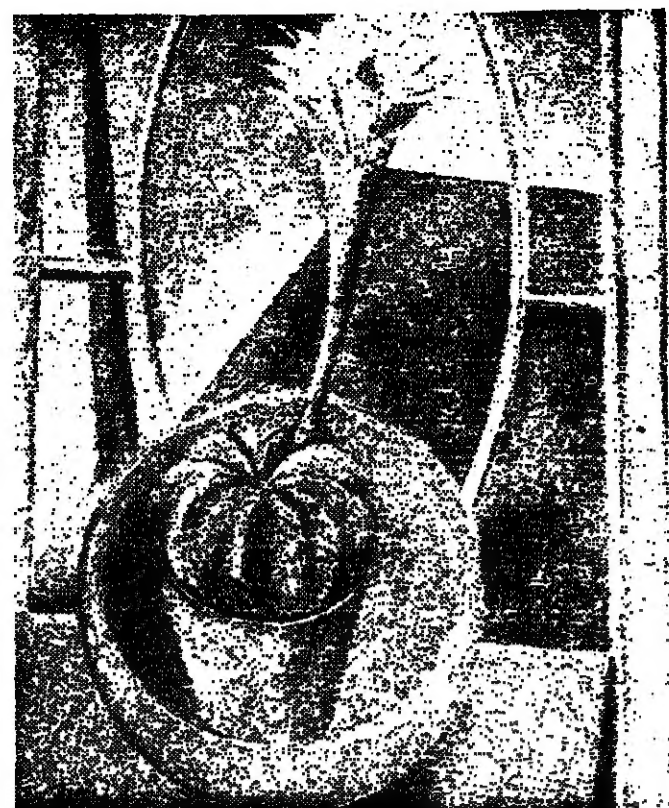
Gentle readers will be forgiven if they follow the example of the hero detective and walk out when the skull is being dissected.

But if they do they will miss a good yarn about attempts by a group (of guerrillas or terrorists) to kill a politician who is exiled in the US with his illegitimate gains and the way his security chief uses torture to keep ahead of the game.

The police always seem to be a step behind the warring factions as blood flows on the streets of Houston.

Good value for those who can stand the gory details.

Brian Ager



"Cactus," by Paul Nash, probably painted in 1931

## Quiet eye

**INTERIOR LANDSCAPES: A LIFE OF PAUL NASH** by James King. Weidenfeld & Nicolson. £16.95, 258 pages

PAUL NASH is now recognised as one of the great British landscape artists. In his autobiography, Outline, he tried to explain himself and his work. James King quotes a key passage:

I turned to landscapes not for landscape's sake but for "things behind," the dwellers in the innermost whose light shines thro' whose light. In 1933 Nash was a leading figure in starting a brotherhood of English painters and sculptors called Unit One. This originally included Ben Nicholson, Henry Moore and Barbara Hepworth and had as its objectives "the pursuit of the form" and "the pursuit of the soul."

Soon the differences among its members, particularly those who favoured abstraction, became greater than their common assumptions. Design was always foremost among Nash's interests and, as well as teaching it for two separate periods at college, he also supplemented his ever insufficient income by designing posters in the famous Shell series. Eventually he even produced a Shell guide, illustrated by his own photographs — an art-form which he took very seriously.

At the outbreak of World War Two, Nash was suffering from what was called bronchial asthma which was to cause heart failure and his death in 1946. Nevertheless, he was inspired by the "serial adventures" of the Battle of Britain and started a new series of paintings. At last death came to him as a relief of some kind of grim sense. He wrote:

Death about which we are all thinking, death, I believe, is the only solution to this problem of how to be able to fly. Personally, I feel that if death can give us that, death will be good.

The last plate in the biography shows the remarkable *Solitude of a Sunflower*, painted in 1945. King suggests that with this series of paintings Nash brought together and solved many of the problems which preoccupied his artistic development.

Rachel Billington

## Anthony Curtis on the many lives of Compton Mackenzie and his 100 works

# Fine old pro

**COMPTON MACKENZIE: A LIFE** by Avro Linklater. Chatto & Windus. £16.00, 354 pages

WHERE OTHER writers use artifice Compton Mackenzie relied on memory. It may explain why he never succeeded as the playwright his father, actor-manager Henry Compton, wished him to be. With both his parents dedicated professionals of the theatre (his mother was Virginia Bateman, an American, daughter of Irving's boss, Hazekiah Bateman), you would have expected the stage, where his younger sister Fay also became a leading lady before the wars, to have been the natural outlet for this immensely gifted, good-looking, articulate young man. Compare, for instance, Sacha Guitry following in the footsteps of his father, Lucien.

Certainly Monty, as he was always known, gave it a try before he became a novelist, but it was simply not right for him. His dramatic legacy, plays like *The Gentleman in Grey*, *Carnival*, *Columbus* and *The Lost Cause*, seem unlikely to stir from the almost total neglect into which they have fallen since first produced. The construction of the theatre, the need to select and contrive, to make the plot work, was contrary to the wide outward sweep of his mind. As Avro Linklater makes clear in this excellent biography, Compton Mackenzie, the first to be published since Mackenzie's death at the age of 89 in 1972, the plot for his most commercially successful comedy, *Whisky Galore*, a novel before it became a film, was handed to him on a plate by life itself.

In 1941 when he was living on Barra the s.s. Politician, loaded with 200,000 cases of whisky (like gold at that time in Britain) ran aground on a rock off Eriskany and the wreck was abandoned, with a customs seal placed on the hatch. All that Monty needed to do was to stick to the basic facts of what happened after that in order to produce the most hilarious of his several yarns about life in the Highlands and Islands.

It was the same when as a young man, enchanted, as always, by the mix of remoteness and conviviality of life on small islands, he went with his first wife, Faith, to live on Capri. This was just before World War I when the island since the Oscar Wilde trial had become a refuge for several writers for gay (both senses) bohemians from England and America. On a good night, wherever the party happened to be, you could meet one or more of Norman Douglas, Reginald Turner, Somerset Maugham, "Fred" Benson, Gerald Haxton, Ellingham Brooks, Romaine Brooks, Nata-



Brett Usher as Michael Fane in the BBC 2 serial of "Sinister Street" in 1969

lie Barney, not to mention Scott Fitzgerald, D. H. Lawrence and Maxim Gorky. With characters as colourful as these on tap, the novelist hardly needs to invent, only to change the names. Thus in *Vestal Fire* and *Extraordinary Women*, two highly enjoyable novels (both are in paperback from Hogarth Press), Capri becomes St. Irene. He waited, though, until he was a safe distance in time and space before attempting to describe it. By then Monty was living on a completely different island, the even smaller one of Jethou, one of the Channel Islands which he had leased for himself along with Herm.

Monty could recreate all he saw or heard in the most minute detail without any problem. No computer ever had a capacity for the storage and retrieval of information as great as his unaided memory. He proved just how formidably retentive this was in the eight volume of autobiography, *My Life and Times*, Octaves 1-8, which he did not begin to write until he was turned 80, and in which he had little difficulty in recalling much of what had happened to him from the age of two onwards. As Mr Linklater says, he had gone over his childhood and youth several times already in his fiction, outstandingly in *Sinister Street*, with which he made his name when it was published in 1913 by Martin Secker, his close friend. There is an obvious comparison between this new, satisfyingly rounded, unselfish portrait of the last grand old pro of English letters.

## Fiction

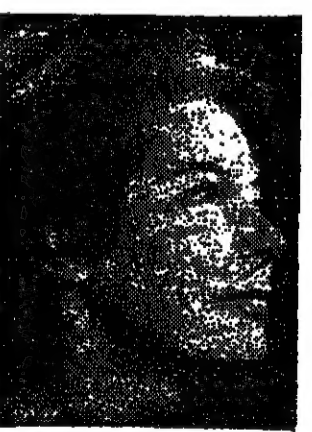
# In steps of Saki

**THE VIEW FROM MOUNT DOG** by James Hamilton-Paterson. Macmillan. £10.95, 302 pages

**CIRCLES OF DECEIT** by Nina Bawden. Macmillan. £9.95, 188 pages

**LORD HAMLET'S CASTLE** by Hunter Steele. Andre Deutsch. £9.95, 240 pages

**CUISINE NOVELLA** by Antoine Laurent. Secker & Warburg. £10.95, 348 pages



Bawden: delicate deceptions

THERE IS a definite touch of Saki about James Hamilton-Paterson's first collection of short stories *The View from Mount Dog* (Mount Dog being the Cynic philosopher Chimerides' name for the flat wastelands of his exile). A Saki brought right up to date with tales of the Third World and of Arab sultans exchanging tips with the Queen over tea and sponge cake, while cheerfully lopping the heads off anyone at home who causes them the mildest inconvenience.

A Saki in all his moods too, for his preoccupation with the darker side of animal life is mirrored here in a singular tale about a grapple with an octopus 70 feet under water, told by a portrait painter who makes most of his living copying Old Masters for company board rooms, a line of work which leads him not unnaturally to view the rest of his family as a scene from Bruegel.

His life is dominated by women—his mother who broke out of the East End with an unhappy marriage to a Free Frenchman; his upwardly mobile aunt, who won a scholarship to Oxford and now writes biographies while hobnobbing furiously with "old" families; his first wife, an unfaithful dentist with whom he remains on good terms; and his second wife, who arrived as a teenage housekeeper with an illegitimate child and can't bear any mention of her predecessor.

current soup, or matters equally murky. On balance though he is stylish, clever, witty, as befits a former winner of the Newdigate with screenplays and two volumes of poetry under his belt.

The *Circles of Deceit* at the centre of Nina Bawden's new novel are the Hes people tell each other (and themselves), the modest little deceptions without which the world would not go round and life, particularly family life, would scarcely be supportable. The story is told by a portrait painter who makes most of his living copying Old Masters for company board rooms, a line of work which leads him not unnaturally to view the rest of his family as a scene from Bruegel.

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There is also his adolescent son, a suicidal youth who disappears for months at a time without a word to anyone.

All very normal in fact, an everyday story of ordinary people struggling to keep their heads above water, and then there are the deceptions. Nina Bawden is a good judge of a domestic situation, a good chronicler of human absurdity. She captures the exact tone of an artist committing his thoughts to paper for the first time—a shade too exactly, perhaps: he tends to ramble a bit—and tells an amusing tale with tolerance.

Lord Hamlet's Castle, by Hunter Steele, is based on a novel treatment by William Shakespeare and restores to the play many hidden meanings hitherto unknown to the average A-level student. It is a fleshing out of the original, an explanation of much that has gone unnoticed in the text. Where Shakespeare left the exact nature of Hamlet's relationship with Ophelia to the imagination, for instance, Hunter Steele plunges in cheerfully and gives us chapter and verse, with lots of lubricious detail. He is not afraid to place his own interpretation upon events.

The trouble with this approach of course is that Mr W. S. was no mean operator—albeit fond of a cliché—and it needs a brave man to take him on at his wisest. The author wisely ducks the challenge. His tale is interesting enough, fun even, but he has little sense of rhythm and lacks the Bard's inimitable way with words.

Antoine Laurent's first novel *Cuisine Novella* is a complex fantasy based on an extraordinary train journey from Paris to the Côte d'Azur, undertaken by a sexually eccentric Marquis and a young girl anxious to learn the art of cooking. It's an imaginative book, lushly written, but strictly for those who like their fiction exotic.

Nicholas Best

## BOOKS OF THE MONTH

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**THE LIFE OF MY CHOICE** by Wilfred Thesiger. Collins. £15.00 459 pages

THIS EXTRAORDINARY book tells the story of a life which would be less surprising 100 years ago. Wilfred Thesiger is the British master of rough travel. Nobody alive can compete with his journeys in uncharted areas, among the Marsh Arabs, where his own memoir is irreplaceable, in the Hindu Kush, where he coincided with the last episode of Eric Newby's comic classic, or in Abyssinia, a region fondly remembered in this autobiography, centred on the years to 1945.

Certainly, Thesiger knows what he admires: John Buchan's novels, courage, the unadorned life of remote tribesmen and also, not inappropriately, Alexander the Great. His father began by reading him the right sort of books in the evening: "I grew up on Jack of the Bushveld, that marvellous book by Sir Percy Fitzpatrick about hunting in South Africa."

Later he sent him to Eton and then to Magdalen, Oxford, places for which Thesiger retained an unexpected affection. Most of us would have been terrified by meeting a young tribal chieftain in Abyssinia who had just proved himself by killing four men. Thesiger found him familiar: "he struck me as the Danakil equivalent of a nice, rather self-conscious Etonian who had just won his school colours for cricket."

This densely-remembered book gives us the personal Thesiger whom his earlier

travel memoirs expressed. It shows how the author's life has been strongly shaped by his early years and then, unexpectedly, by his voracious early reading. Thesiger was born in 1910 and spent his childhood in Abyssinia with the British Legation. As a boy he witnessed a great triumphal procession of victory into Addis Ababa: his memoir of it suggests a scene from the old Roman Empire. After his education, he returned to explore the inner reaches of the land in which he had grown up. In the search for the sources of the Awash river, Thesiger the explorer came of age.

So too, did Thesiger the big game hunter. Stalking and shooting were part of an accepted culture in which the author excelled. He would behave differently nowadays, when so many species are threatened, but in the 1930's Sir Percy would have been proud of the young killer. Down in the Sudan, the Nuer tribesmen quickly carved up his dozens of dead elephants: "it was extraordinary to see these naked men swarming all over the carcass and even inside it, most of them covered with blood, partly from the elephant, partly from cuts on their bodies."

The travels are extraordinary exercises, from Abyssinia to the Sudan (where he learned his excellent Arabic), to Morocco, war-time service in the Middle East and back again to Abyssinia. Do they make a compelling book? I can see the author's problem: he has witnessed events and persons for which he is probably the one contemporary source; he is re-

## Man of adventures

Rachel Billington



## ARTS

William Packer previews the Royal Academy's Summer Exhibition, which opens today

## Princely offering by Mr Carrick

TODAY, the 219th Summer Exhibition of the Royal Academy opens its doors at the end of the usual week of dissent and reception, and the year is an event that traditionally marks the onset of the London Season and clearly still maintains a peculiar hold on the popular imagination.

Most of the notice from the media is essentially trivial but it hardly matters. All publicity is good publicity, especially royal publicity. It is this year it happens to be one Arthur Carrick, better known as Lord of the Isles, who has supplied the story, the only story is that it should be by so small and self-effacing a water-colourist. The effect, thing is that he should care to take his chance at all.

That his cousin, Miss Jones, should be there too with two works accepted, one of them an especially strong and lively drawing, is less surprising for she does aspire to the profession; but it is no less admirable. For it is by its summer exhibition—as an open exhibition of serious art considered in the light of the year's work shown without special pleading or excuse—that the Royal Academy justifies itself, both to itself and the rest of us.

for the position it holds in our national life. But should there come a time when we forget that the academy at heart is an exhibiting society of working artists, it will be in terminal trouble.

Only a generation ago that seemed almost to be the case, which is hard to believe in the light of the present exhibition. So much has changed. To see so many of our most successful and established artists active members of an academy which 30 years ago was either irrelevant or contemptible to wide sections of the community of British artists, is entirely a matter for applause and support. And never have the academy's have been hung so well or presented so vigorously catholic an aspect. Never, in my recollection at least, has the variety of current professional work which the academy now represents—from the most expensive and expressionist abstraction to the closest, most punctilious figurative—been accommodated together with such ease.

But here I must admit that my very enthusiasm pauses.

This is a much smaller show than in recent years, down by nearly 300 items on 1986. This is not in itself a matter for the members' own privileged representation, the odds against selection in an open submission in excess of 13,000 are considerably over 10 to 1. The cost, too, is high and the inconvenience often great. There is much good will to be lost if these odds ever become too unfair, or the show itself ever comes to be seen as too much of an inside job. If it should ever become entirely a members' affair, that goodwill would disappear altogether.

Though it is welcome that the academy is back in its proper place at the centre of the British art world, that is not to wish it to become merely an adjunct of Cork Street and a platform for the values and priorities of the international market. The thought of the Summer Show as a kind of superior art fair, informed by the spurious academicism of marketable reputation and international credibility, is not to be borne. It is a truer academicism, idiosyncratic, serious and consistent, that has sustained the academy all along. We must not overlook the

simple fact that this recent and most welcome access of established stars, such as Blake and Kitaj, Phillips, Tilson, Jones and Hayward was never the seed of the academy's redirection and reinvigoration, but merely the fruit and confirmation.

The artists, whose achievement this is, are those who joined or sent in to it through all the bad times and stayed with it when it remained so professionally unfashionable. They understood and loved the academy for the perverse, willful, historic old beast it is. I have the catalogue for 1963, long before Tom Monnington became president and began to shift things for the better. The names I find are not those of Blake or Hockney, but of Buhler, Greenham, Weight, de Grey, Ward, Spear and Dunstan among the members, and those of Bowyer, Blaney, Coker, Eytan and Bowyer among the then outsiders.

All distinguish themselves again this year. Indeed, it is nicely curious in this admirable exhibition that it is the work of that older guard and its natural recruits which most declares itself and sets the measure of the whole. It is in

this sense, meant as no disparagement of the rest, that I pick out Ken Howard for his large portrait study, *Madreth II*, in Gallery V; Norman Blaney for his problematical model boat in Gallery I; and most especially Olwyn Bowyer for her magnificent old Fig Tree in its greenhouse in Gallery II.

John Ward always warrants closer attention than prejudice against a fashionable portrait practice sometimes allows. Elizabeth Blackadder, as ever, manages in her use of water-colour to match the most daring adventure with exquisite refinement. Peter Coker shows a group of fine, simple expressionist landscapes, much larger in scope and spirit than in actual size. Anthony Eytan shows a fine painting of a Walnut tree in sun and shadow, in Gallery II. And Norman Adams seems to be everywhere, all light and colour. Of the more recent members, John Bellamy, Joe Tilson, Gillian Ayres and Sonia Lawson all show in considerable strength, while Norman Stevens, with his *Monet's Kitchen Door* in Gallery II, gives us as ambitious a painting as we have had from him in some time.



A pause for thought at the Royal Academy

Dobbin Osborne

Of the non-members, Albert Irvin quite rightly wins a prize for the most adventurous work of the show with his extravagantly colourful *Longstone* in Gallery VIII, whose abstract expressionist exuberance is nicely qualified by Jennifer Durrant's *Nearing the End* on the opposite wall. William Henderson, in the same gallery,

and Robert Clarke in the Lecture Room also show strong non-figurative works. In the Large South Room, John Houston's dark seascape, *Gus Cummins*, strangely active dark interior, *Arthur Neal's* lighter interiors and Brian Peacock's quietly fraught deserted beach are all worth remarking on. In Gallery XI Norman Ackroyd

shows us yet again with his romantic conjurations of landscape that he is by far our most adventurous and accomplished etcher. Why he was not elected to the academy years ago remains a mystery—but it is not for me to intrude in private matters. Save for July 2 and 3, the Summer Exhibition remains open daily until August 22.

## Theatre

## Women take centre stage

"I NEVER knew," said my companion as we hurried from one show to another across the small south Austrian spa town of Villach, "that the world was as full of crazy women." A bit hard, perhaps, but one could see his point, since most of them seemed to have converged on the Spectrum festival.

Three days into a week-long international programme of fringe theatre, we had seen two of the best destroyed another locked in comic combat with the technology of the modern gas-turbine. We had found answers to the question of female identity in mythology and monologue, and had allowed ourselves to be carried off in a room of one of the grandest hotels with a semi-clad neotonic possessed of murderous fantasies, a knife, and a sense of melodrama that would have soared well over the top of a proscenium arch.

To put the achievements of the festival in the context of the almost forgotten theatre of the early Seventies by Dr Alfred Meschnigg, a theatre director who combines vision with firm regionalist sympathies that has since developed into a biennial event, staffed by a small team of volunteers, with public funding that has been pegged at ASHM (about £50,000) since 1979. What is interesting, heartening and different about Spectrum is its ability to pull consistently large and good-natured audiences into work that is often more adventurous than successful. It can be relied upon to sell more than the 10,000 tickets it needs to keep itself in the black, without any advertisement beyond the immediate area.

Finance and restrictions inevitably mean that it takes what it can afford, though it had representation this year from as far west as Omaha and as far east as Moscow. The result is a body of work, interesting more for what it reveals of the identity and preoccupations of fringe theatre at ground level than for its intrinsic worth.

The problem of distinguishing amateur from professional figured large in the schedules, highlighting the increasingly pressing issues raised by actor-employment but also shedding interesting light on the differing national perspectives.

Three examples illustrate this point: first, from the USSR, Studio South West, a company based in a cellar on the outskirts of Moscow, which has a corps of 60 actors, only five of whom style themselves professional, performing a repertoire of plays ranging from Gogol to Kurt Vonnegut at a rate of several per day.

Their endearingly populist versions of Goldoni's *Mirandolina* and Gogol's *Movements*, performed with minimal set, period costume and fast-forward pop musical interludes which sounded at least a decade out of date, made a pointed contrast with *The Radio Show* performed by the Omaha Community Playhouse. While the Russians used music to create what was clearly intended to be a modern, accessible idiom for a play—in the case of *Mirandolina*—that involved a people, an age and a place far removed from current realities, the Americans gave us a pastiche of songs from the Forties loosely linked together within the scenario of a radio broadcast. Where the Russians cloaked the political content of their pieces in a broad burlesque style, the Americans allowed in that curious American brand of humour that masquerades as nostalgia.

In further contrast to both of these was *Animus Theatre* Company of Bolton, a small touring co-operative formed in 1981 out of local youth work, which has since been making its mark around the European theatre festival circuit. *Animus* claims it became professional last year, though a couple of its members are still VTS-trained, it is non-union and has no secure financial base. Professionalism, here, is measured in time and commitment, both of which shine through the group's latest work, though a couple of its members are still VTS-trained, it is non-union and has no secure financial base. Professionalism, here, is measured in time and commitment, both of which shine through the group's latest work, though a couple of its members are still VTS-trained, it is non-union and has no secure financial base.



Mike Rogers in "Animus et Corpus"

—a stretching and cracking of misshapen limbs that, without any physical contact, was quite the most horrifying image of the festival.

With a few honourable exceptions the overriding themes of the festival were women and mythology, sometimes individually, often both together. From Belgium we had Theatre Croquantine in *Lilith*, a faintly lewd piece about the "real" first woman, which revealed a preoccupation with inanimate objects and effects (from out-sized genitalia to fireworks) that I first experienced through the work of mime artist Pat Vaz Rensick. On the other hand, from Sweden there was an equally performed dance theatre rendition of the creation myth of *Yggdrasil*, tree of the world, which ran through circles around most of its competitors but bore the slightly disconcerting stamp of beautiful bodies doing beautiful things and devil take the content.

Yet the two most lasting impressions of the week were left

by Franz Xaver Kroetz's *Wunscheconcert* (performed at Edinburgh and at the Bush last year by Eileen Nicholas under its English title *Request Programme*), and a vividly symbolic work, *Demeter Sotto Le Sabbie*, by Milan-based Teatro del Sole.

*Wunscheconcert* brilliantly charts the silent progress of an ordinary woman towards suicide—a journey that here took nearly two hours, bulked out by the reading aloud of Kroetz's stage instructions and a video showing an episode of *Kir Royal*, in which the author himself starred on German television as a corrupt gutter journalist. Demeter, on the other hand, is a stream of consciousness trip through the Alpha to Omega of Greek tragic heroines as archetypes for the troubled psyche of every woman. Here were *Electra*, *Medea*, *Phaedra* and *Cassandra*—strange that the two enduring images should be of madness and despair.

Claire Armitstead

## Visual feast for opera-lovers

## Video

BY THEIR videos ye shall know them. Transcriptions of opera performances on to videotape fall into almost as many categories as there are varieties of demand for them, the most important of which is satisfying opera-lovers—all too easily forgotten by those lucky enough to live in the big cities—who are far from centres of operatic activity: for them the video is a vital visual adjunct to the gramophone record.

With Covent Garden having to disseminate their work to the widest possible audience in order to justify their subsidy, the law of supply and demand works nicely here: sound, unshowy, well-cut videos of works from the standard repertory—*Bohème* and *Don Carlos* with Heena Cortubas, a *Twins of Hoffmann* with Domingo, and a *Rosenkavalier* with Kiri Te Kanawa and Anne Howells (a quite outstanding Octavian)—plainly fit a need. The agreement between the Royal Opera and the National Video Corporation has just come to an end, and it must be swiftly renewed (with whoever happens to own NVC nowadays).

The preservation of remarkable individual interpretations is equally important, simply as a matter of record (what would we not give for Tompkins's *Otello* or Dame Eva Turner's *Turandot*). Jon Vickers's elemental Peter Grimes needed to be caught, and has been seen in close-up in *Edith Maschinsky's* *Map* production it is even more scarily than in the theatre, provoking much thought about the nature and meaning of Britten's first masterpiece. His Samson in *Saint*

Saëns's opera is scarcely less overwhelming.

But Vickers is by no means alone in benefiting from the prying eye of the camera. It is easy, for instance, to be so overwhelmed by the voice and personality of Domingo that the detail of his performances goes unnoticed. In this respect the Covent Garden *Manon Lescaut* and *Andrea Chénier* are most instructive: the first reveals just how much work has gone into his amazingly fresh and youthful Don Giovanni, and the second almost persuades one that Giordano's basic melodrama is as good a piece as its devotees say it is—especially with Anna Tomowa-Sintow singing gloriously as Maddalena. Both issues are well directed by Humphrey Burton, and the sound quality approaches that of good modern stereo when played through hi-fi equipment.

As distribution gradually eases—though the marketing of the United list here is still eagerly awaited—so even metropolitan sophisticates can learn a good deal about the style of performance around the world. The first reaction to their *Aida*, is of jealousy of their subsidy: it is tempting to snap listening to the music and start costing the productions. While there could be no clearer demonstration of the Royal Opera's underfunding by European standards, there is an equally clear warning signal:

the magnificence of the *Aida* swamped the piece itself. But Ronconi's *Ernani* is quite a different case of grandiloquence, as serious as it is spectacular, well sung by Freni, Domingo and Brusa, and most persuasively conducted by Riccardo Muti.

At the other end of the scale we have an engaging piece of nonsense like Achim Freyer's *Fresche Luft* from Stuttgart, a typical Teutono-modernist outrage that sends poor Weber's opera up sky high (what a giant white rabbit gets up to in the Wolf's Glen is not to be described in a family newspaper). The singing and playing are poor, though, reminding us that most videos come from so-called centres of excellence, and this one is definitely to be

hired rather than bought outright.

A Mozart cycle is promised from Drottningholm, of which the first, *Così fan tutte*, is disappointing. Little is made of the theatre itself or its "authentic" sets (it was presumably not shot there, like the Bergman *Zauberflöte*, for safety reasons) and the singing by an attractive young cast is variable (that of the Ferrando is frankly unacceptable). In 1984, Arnold Oestman was going through a strict-tempo phase: the breakneck speeds are in themselves not worrying, but the indefinability within them is, very. The remaining seven operas are awaited somewhat nervously.

Rodney Milnes

## THE ALTERNATIVE



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## Sudan forgives Gen Gordon

WHEN Radio 4 gave *The Pillars of Islam* in two parts, I wrote that it should have been longer. This week they have given us *The Gift of the Nile* (first of 6 programmes) on Sunday. *Tales from Arab* (first of three) and *Harem 37* on Monday, and *The Arab World* (first of eight) on Thursday. Sunday's *It's Your World* was a phone-in to Sadik al Mahdi, the Prime Minister of Sudan.

*The Gift of the Nile* was a poetic-historical survey of the Blue and White Niles at Khartoum to the delta on the Mediterranean. I have done some of that in a Nile steamer, and my interest was nostalgic mostly. If I say that the coverage was superficial, I do not mean this in an adverse

sense; I assume that the remaining five programmes will fill in the details and perhaps add to the politics. Barry Cunliffe has at any rate laid a foundation for a look into Egypt's extraordinary civilisation. Sadik al Mahdi, I was pleased to hear, has forgiven General Gordon.

*Harem 37* was a gossiply programme by Nadia Hijab, whom I take to be an Arab lady, about the real life of Arab women, who are, yes, veiled as a rule, who live contentedly with polygamy, may even do belly-dances at their parties, but are not oppressed by their menfolk. Family ties are strong with them, and oppression is more likely to come from grandmothers. The harem world, compared by Nadia Hijab with Jane Austen's society, sounded liberal and happy, though the Islamic revival was at the doorpost. *Tales from Arab*, presented by June Knox-Mawer, was not

about the Arabs but about the British, soldiers for the most part, who lived and worked in the Arab States of the Middle East. She found a chap who had been T. E. Lawrence's signal corporal when he was 17.

The Monday play resumed its customary 30-minute conventionality with Jennifer Johnston's *The Railway Station Man*. The man was a veteran of Arran, crippled and disfigured, who is spending a legacy in rebuilding an Irish railway station on a closed line. Nearby lives a handsome lady of middle-age with a son at Trinity, Dublin. I thought the story too predictable: the man falls for the woman, the son is involved in Irish politics, the son's friend uses the station as a store for explosives, they explode and kill the man. It was decently done, with Stella McCusker and John Rowe as the two oldies; none of the other parts is more than a sketch. Clive Brill directed.

Radio 3 gave us something more interesting on Tuesday, Nigel Baldwin's oddly-named

*Chris Martin's Lex Talionis*. This begins and ends with a voice reading from a film-script. Live action, as it were, is then set in a wealthy man's garden where his pretty daughter is in the pool, and into which another man climbs over the wall and announces that his price for not revealing a history of pornography is to go to bed with the daughter. While this tale is pursued to the point where it matches the initial reading, we also learn that the whole thing is in fact a television film, but that a comparable threesome is working out between the script-writer, the leading actress and the producer. Detail has to be short to get all this into 90 minutes, but what we have is fine, and there is genuine tension throughout. Harriet Walter is the girl in the pool and the leading lady; Peter Howell and Bernard Gallacher are the two nasty old men; Bill Nighy is the script-writer, the eponymous Chris; Richard Wortley was the director.

B. A. Young

## CHESS SOLUTION

Chess No. 874 1 P-B6, P-N7; 2 P-B7, P-Q; 3 P-Q ch, K-R2; 4 Q-B7 ch, K-R1 (if K-R3; 5 B-B3 mate); 5 B-N2 ch, B-K5; 6 Q-KR7 wins (a study by Trotsky).



## WEEKEND FT

SPORT

John Barrett tips teenager Steffi for today's women's tennis final in Paris

## Grand Slam glory awaits Graf

THIS afternoon's match in Paris between world champion Martina Navratilova and West Germany's second-seeded Steffi Graf in their final of the French championships will show if a new era really has arrived in women's tennis.

During the past decade the athletic Martina, now 30, has lifted the game to new heights and her 6-3 6-1 destruction of Chris Evert-Lloyd (who has now dropped the Lloyd) in the 1984 final here was as perfect an exhibition of all-round clay court expertise as you could wish to see. Since then, though, despite maintaining her supremacy at Wimbledon where she has now won for the past five years and seven times in all — this powerful left-hander has begun to look vulnerable and her four tournament losses already in 1987 are without parallel in her career.

That is why her 6-3 6-3 victory over Evert — who beat her in the past two French finals, both superb matches — was so important to Martina. She said later: "It wasn't easy.

I was very nervous... I wanted to win badly." Despite serving less well than usual, Martina was rock-solid from the baseline and generated extra pace on the backhand with the Dunlop Max 200 graphite racket she has adopted for this tournament.

That switch in itself showed her fragile mental state when the championships began two weeks ago. She had previously used such a racket — one of 200 belonging to Carling Bassett — only in practice. Her decision to play it in Paris is the most astonishing I can remember in 40 years of association with tennis; significantly, though, it is the same model favoured by Graf, who turns 18 in eight days. Now — and bolstered by the presence in Paris of her former coach, Rene Richards, who has transformed her outlook — Martina looks thoroughly at home with the racket and fully restored in confidence. On Thursday, she was altogether more like the champion who has won 15 Grand Slam titles since 1978.

Graf, will, however, test that confidence in a different way. Playing Evert for the 72nd time, Martina has little to lose; against Graf today, her entire reputation is at stake.

The young German came through her crisis on Thursday quite magnificently against another 17-year-old, Gabriela Sabatini of Argentina. Although making too many unforced errors on her backhand so that she fell 3-5 behind in the final set, Steffi timed her counter-attack quite beautifully. A secure service game brought her to 4-5. Then at 15-15 on Sabatini's serve, she forced the break with three positive shots. A forced error on the backhand brought 15-30; a perfectly-timed forehand to the net presented a winning forward volley for 15-40; and a killing cross-court backhand made it 5-5. Thereafter, a demoralised opponent who had never won in their six previous meetings wilted visibly, as much from mental pressure as from physical tiredness. Two games later, Graf had won 6-4 4-6 7-5. Ger-

man steel had overcome South American flair. Yet, surely these two will give us some glorious encounters in the years ahead.

The question remains: how will Graf perform in her first Grand Slam final against a seasoned veteran? Based purely on the credentials of the season, she should win comfortably. Not only is she unbeaten in six tournaments and 36 consecutive matches (including a win over Navratilova in Key Biscayne) but she is also hitting the ball with tremendous power. It is the pace of her forehand that destroys her opponents, along with her technically perfect footwork and speedy anticipation which allows her to reach most shots they can produce. The men's event has been notable chiefly for the maturing of Boris Becker as a clay court player and the rejuvenation of Mats Wilander following his marriage at the start of the year. Both seem to have new purpose. Against 24-year-old Jimmy Connors in the quarter-finals, Becker showed a discipline in

the long, hard rallies that was admirable in its restraint. He simply would not be tempted to dash forward for the volley until he was sure his approach would be a telling one. Twelve months ago, playing against the Connors of Wednesday, Becker would have lost.

In his quarter-final triumph over France's Yannick Noah, his conqueror in the 1985 final — Wilander played the perfectly balanced blend of attack and defence that used to characterise Bjorn Borg's game. This was the Wilander who became, at 17, the youngest ever French champion in 1983 — but with a considerable improvement in the effectiveness of his attacking coups from the net. For Ivan Lendl, the holder and top seed, this tournament has been a test of his rehabilitation, following a knee operation. Despite a patchy season, Lendl's awesome authority from the back of the court was enough to get him safely to the semi-finals although he lost five sets and 60 games on the way. His semi-final opponent, Milo-



Steffi Graf on her way to semi-final victory over Gabriela Sabatini

slav Meir of Czechoslovakia, had lost no sets and only 34 games up to yesterday's match. But Lendl was far too solid and powerful for Meir and beat him 6-3, 6-3, 7-6, albeit after some long rallies that

kept the crowded centre court entertained for three hours and three minutes. Then, Wilander gave Becker a sharp clay court lesson, beating him 6-4, 6-1, 6-2 over two hours and 11 minutes.

Thus, tomorrow's final will be a repeat of the 1985 title match when Lendl was beaten in five sets after winning the first two. I fancy Wilander will have less trouble this time.

Teresa McLean reports on cricketers with a low, low profile

## Where good light stops play

DERBYSHIRE cricket is what public relations men would call a profile wipeout. That is to say, it has such a low profile that it barely has a public image at all. It does not even have much of an image among its own players, their captain, Kim Barnett, cheerfully describes them as "a funny lot". He is right. They are one of the oldest teams in the first-class game, so much so that the oldest thing about them is that they attract so little attention.

Hardly anything to do with Derbyshire cricket is ordinary. Its ordinary performances vary, and always have varied, from abysmal to the tragic, with occasional bursts of brilliance that either wrest an impossible victory at the last minute or end with certain victory being thrown away at the last minute.

This tradition is being splendidly upheld by the present team, which includes a huge, hairy Dane called Ole (pronounced all) Mortensen, the only Dane in first-class cricket. He has just the right melancholy air to remain unmoved

by Derbyshire's flying start to the season. It is easy to see that he comes from the same country as Kirkcaldy and belongs to the county which played so badly in the 1970s that it was deprived of first-class status, and so badly a century later that it finished bottom of the country championship three out of the first four years of the 1970s. The exception was 1973, when it finished next to bottom.

Mortensen is, not exactly oppressed by this inheritance; he just fits naturally into it. Despite his ungainly air, he can bowl well and sometimes moves the ball, in the air and off the ground, to great effect. The trouble is that he is liable to get depressed, gloomy and tired of cricket. It is an unexpectedly popular sport in Denmark, where they started playing it during the war to annoy the Germans.

Every so often Mortensen disappears for a week-end to play for Denmark, but not this season because Derbyshire will not let him go; he is making

an invaluable contribution to their campaign to get themselves out of the doldrums in which they have lain becalmed for the past 25 years.

The last time Derbyshire had one of their periodic and inexplicable rushes of blood, they carried off the first Nat West Trophy in 1981; it was only the second honour in their entire history, the other being the county championship in 1938. It is hard to imagine Mortensen having a rush of blood, but he has been taking wickets with relentless regularity and he has some rush-of-blood team-mates to help keep up the new momentum. Jean Jacques, from Dominica, Buckinghamshire and Sheffields; Bush, Allan Warner, born in Birmingham of West Indian

parents, and the Jamaican Michael Holding have been intermittently volcanic this season. They are always capable of going dormant between one game and the next, but at present they are working up quite a head of steam.

It would be nice to think this means that Barnett, an exceptionally likeable man, is about to lead his team to one of the unexpected successes against the odds they are due to secure this season or next. They managed a characteristically improbable win that could help them towards a success in their Refugee Assurance Sunday League game against Worcester the other week, rescuing themselves from the dire straits of 45 for 6 to get the 178 they needed to win. Barnett was

bowled for 4, but it was agreed by the team that they could not have won without him.

The week before that, both Barnett and Derbyshire put on an absolutely typical performance when they played wonderfully well in a crucial Benson and Hedges match against Gloucestershire then committed suicide. Barnett scored an imperious 116 before he was out, leaving his team the comparatively easy target of 23 to win off 21 balls, with four wickets standing. They were bound to win. It was cold and damp and they were playing at Derby, their spiritual home, the bleakest and most eccentric county ground in England. They lost. Their number 8 and an all-rounder, who is blessed with the name of Paul Newman, was

caught for 1. Warner ran himself out for 1. Jean Jacques and Mortensen, inevitably, failed to get the 11 runs needed off the last over.

The Derby ground is the perfect setting for heroic failures and unusual results. It used to be a racecourse and until recently was shared with the football club. It did not have a boundary fence until 1980, nor a proper pavilion until 1982. The players used to sit in the starter's box to watch their team loose while everyone else in Derby watched the football. It was easily the most barbaric county ground in England, with its rickety wooden pavilion, jockeys' changing rooms and wind-swept stands. The lavatories were notorious. Now at last there is a new

stand and an ordinary modern pavilion with ordinary modern facilities. But Derby still refuses to be an ordinary ground. It faces the east-west instead of north-south, so late in the season the evening sun shining in batsmen's eyes occasionally produces the extraordinary scoreboard entry "good light stopped play".

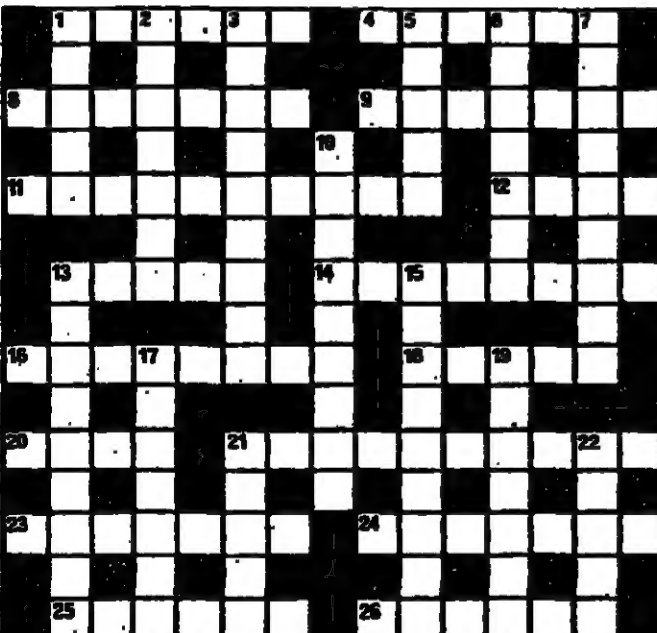
The ground cannot be entirely responsible for the upheavals that have thrown the club's organisation into chaos since its foundation. To take just one example from a multitude of resignations, walk-outs, feuds, frauds, dismissals, thefts and palace revolutions — in 1981, the year Derbyshire amazed everyone by winning the Nat-West Trophy, their chairman, chief executive (secretary), scorer and captain all left their jobs. Geoff Miller handed the captaincy over to Barry Wood an hour before the start of the championship match against Kent on July 25. Wood did not last long. Derbyshire captains never do. Barnett is now in his fifth year as captain and it has made

a lot of his hair fall out. But the club does seem to have settled down to a brief period of stability. Derbyshire's tradition of sudden reversals of fortune means that this should disintegrate at any moment, just as they win a big championship.

Insofar as they have a playing tradition to help them win something, it is one of fast bowling, but this year they are planning their hopes on their young stylish batsmen Morris and Roberts, and on Barnett, who only needs some confidence and some hopeless situations to make him a formidable batsman and captain. You never know with Derbyshire. They are born outsiders, unfashionable and unpredictable. It would be just like them to throw away the county championship after doing it so well to get within reach of winning it. And it would be just like them to win a one-day competition like the Refugee Assurance while the club is in the throes of anarchy, and for Barnett to say with an engaging smile that he doesn't know how they did it.

## FT CROSSWORD PUZZLE NO. 6,345

CINCHPILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Canon Street, London EC4P 4DY. Solution next Saturday.

## ACROSS

- 1 Not joking — it could be lemons or melons (6)
- 4 Cloth without its top is not ruffled (6)
- 5 Day for entry to vessel (7)
- 6 Great pain comes out in a gush (7)
- 11 Past time for snobs, I agree to lament about whisky (10)
- 12 Sound of villain for riding? (4)
- 13 Vehicle to leave in vessel (5)
- 14 Headless mollusc hunts and feeds on aquatic bloodsuckers (8)
- 16 Voter, etc., in trouble in vessel (8)
- 18 Bottom's part taken from Nadine Gordimer? (8)
- 20 Deviate to the left in a vessel (4)
- 21 The Liberal past discloses a vessel (10)
- 22 Infectious person's vessel for planes (7)
- 24 Two-piece suit with blockage in pays off (7)
- 25 Make a mistake in cast, nothing of consequence: it's sweet (6, 6)

## DOWN

- 1 Unrestricted spending is wrong per se (5)
- 2 Not such a dark vessel (7)
- 3 Doctor's wrong about snake in vessel (6)
- 5 Dogmatist if following hard vessel (5)
- 6 Curries cooked in vessel (7)
- 7 Ancient city among broken reefs in vessel (9)
- 10 50 and 10 in zones round temporary residences (4, 5)
- 13 Unruffled sailor has turned to Australian trees (9)
- 15 Compiler's hen needs vessel (6)

## SOLUTION AND WINNERS OF PUZZLE NO. 6,339

Dr J. E. Gibbs, Twickenham, Middlesex; Mrs V. Carr, Bournemouth; Mrs M. Freeland, Sheffield; Mr M. J. Crocker, Barry, South Glamorgan; Mr Gordon Lancaster, Leeds.

## SATURDAY

† indicates programme in black and white

9.00 am It's a Wonderful Life. 10.00 am News. 10.10 am The World at Six. 10.20 am The World at Six. 10.30 am The World at Six. 10.40 am The World at Six. 10.50 am The World at Six. 11.00 am The World at Six. 11.10 am The World at Six. 11.20 am The World at Six. 11.30 am The World at Six. 11.40 am The World at Six. 11.50 am The World at Six. 12.00 pm The World at Six. 12.10 pm The World at Six. 12.20 pm The World at Six. 12.30 pm The World at Six. 12.40 pm The World at Six. 12.50 pm The World at Six. 1.00 pm The World at Six. 1.10 pm The World at Six. 1.20 pm The World at Six. 1.30 pm The World at Six. 1.40 pm The World at Six. 1.50 pm The World at Six. 2.00 pm The World at Six. 2.10 pm The World at Six. 2.20 pm The World at Six. 2.30 pm The World at Six. 2.40 pm The World at Six. 2.50 pm The World at Six. 3.00 pm The World at Six. 3.10 pm The World at Six. 3.20 pm The World at Six. 3.30 pm The World at Six. 3.40 pm The World at Six. 3.50 pm The World at Six. 4.00 pm The World at Six. 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